



REWRITING THE TEACH GRANT RULES: Lessons from a History of Mismanagement

December 2018



Acknowledgments

This report was written by Public Citizen attorney Julie Murray. Public Citizen attorney Patrick Llewellyn assisted as co-counsel with Ms. Murray in a Freedom of Information Act lawsuit that helped lead to the disclosure of many documents on which this report relies.

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Cover photo:

U.S. Department of State, IIP Bureau.

Suggested citation:

Public Citizen, *Rewriting the TEACH Grant Rules: Lessons from a History of Mismanagement* (2018)



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Executive Summary

The federal TEACH Grant program, established by statute in 2007, provides grants to aspiring teachers who agree to work after graduation in critical positions in our nation's schools. The grants convert to federal loans if the teachers do not serve as promised or do not comply with paperwork requirements after they graduate. The proportion of grants that have converted to loans is staggeringly high and due, in part, to errors by the U.S. Department of Education (the Department) and private companies administering the program and to rigid and confusing reporting rules.

Public Citizen conducted a review of grant-to-loan conversions under the TEACH Grant program, including by reviewing hundreds of pages of records newly released by the Department in response to a Freedom of Information Act request. Our review finds:

- The Department's regulations are to blame for significant problems with the program. The Department has unnecessarily imposed cumbersome certification requirements on recipients and the draconian sanction of grant-to-loan conversion for even a single certification misstep. A recent announcement by the Department that it will reconsider some previous conversions is an important step but will not fully fix these problems.
- The Department appears never to have complied with a statutory mandate to submit biennial reports to Congress to enable Congress to evaluate the program.
- The Department was aware of erroneous grant-to-loan conversions by a private company administering the program earlier than has been previously reported, and corrective action was not immediately taken. Even after the Department undertook its TEACH Grant "Clean Up Project," the agency did not stop collection efforts on recipients who had defaulted on their converted loans.
- Since 2008, the Department has unlawfully required grant recipients to complete an annual certification form that never underwent a required Paperwork Reduction Act process, which is designed to ensure that forms are useful and understandable.
- The Department's current servicer, FedLoan, recommended in 2015 that the Department allow it to reconvert loans to grants if recipients could demonstrate compliance with the service requirements, even if they had missed a certification deadline. The Department did not adopt the recommendation at that time, which could have helped thousands of recipients more than three years ago.
- Recipients who invoke the dispute process regarding conversions suffer significant delays in obtaining a resolution. Among the more than 11,000 disputes related to the program, 26 percent have remained pending for five months or more.

The Department has announced that it plans to overhaul the TEACH Grant regulations in 2019 and that, in the interim, it will create a process to "reconsider" some previous conversions. The findings in this report should inform those changes to the program and the oversight necessary to ensure their successful implementation.

I. Introduction

Congress established the TEACH Grant program in 2007 to provide grants of up to \$4,000 a year to aspiring teachers pursuing higher education. Students who receive TEACH Grants must agree to teach in high-need fields and schools for at least four of the first eight years following their course of study. If the grant recipients do not complete their service or do not fulfill certain paperwork requirements, their grants convert to federal Direct Loans that must be repaid with interest to the Department.

To date, more than 112,000 students have received TEACH Grants.¹ As teachers, they serve in critical capacities in our nation's schools, teaching mathematics and science, bilingual education, foreign languages, and special education, among other courses. Last year, the federal government disbursed roughly \$83.1 million in grants to 28,850 recipients.²

Remarkably, since the government began disbursing TEACH Grants in 2008, 63 percent of all TEACH Grants have converted to federal loans.³ Thus, years after studying to become teachers, many TEACH Grant recipients find themselves with substantial debt for which they have not planned. A teacher who took out a TEACH Grant for four years could have to repay well over \$20,000 in principal and interest if her grants converted to loans.⁴

Grant-to-loan conversions can have a devastating effect on teachers' financial lives. Federal student loan disbursements are capped to help prevent students from taking on unmanageable debt, but when grant-to-loan conversions occur years after disbursement, many TEACH Grant recipients end up with debt that exceeds those caps.⁵ As the Department has recognized, teachers with unmanageable student loan debt may default, resulting in adverse credit reports, garnishment of wages, and collections litigation.⁶

¹ Government Accountability Office, Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes 13 (2015) (hereinafter, GAO Report), <http://www.gao.gov/assets/670/668634.pdf> (providing data as of October 2014).

² Public Citizen calculations based on Department of Education, Title IV Program Volume Reports, Grant Volume, AY 2017-2018 (Quarter 4), Award Year Summary, <https://studentaid.ed.gov/sa/about/data-center/student/title-iv>.

³ Department of Education, Study of the Teacher Education Assistance for College and Higher Education (TEACH) Program 7 (2018) (hereinafter, TEACH Grant Study).

⁴ See, e.g., Chris Arnold & Cory Turner, *Education Department Launches 'Top-To-Bottom' Review of Teachers' Grant Program*, NPR, May 22, 2018, <https://www.npr.org/sections/ed/2018/05/22/605248637/education-department-launches-top-to-bottom-review-of-teachers-grant-program>.

⁵ See 34 C.F.R. § 686.43(b) ("A TEACH Grant that converts to a loan, and is treated as a Federal Direct Unsubsidized Loan, is not counted against the grant recipient's annual or any aggregate Stafford Loan limits."). The Department has reported that if TEACH Grants counted against the federal annual loan limit, "42 percent of students who received TEACH Grants in 2013-14 would have exceeded that limit." Department of Education, TEACH Grant Study xiv.

⁶ See 34 C.F.R. § 686.32(a)(3)(x) (requiring institutions that provide TEACH Grants to emphasize these possible outcomes to recipients).

Some TEACH Grant conversions occur because recipients change their plans—they leave the teaching profession altogether or never enter it, or they decide not to work in a covered field or school. These service-related conversions raise the concern, as some commentators have suggested, that the TEACH Grant program does not sufficiently incentivize desired teaching service.⁷

The Department and the private servicer retained by the agency to oversee the program, however, have converted many grants of teachers who could fulfill their service obligation. These conversions resulted from mistakes by the Department and the student loan servicer, or from paperwork mishaps when a grant recipient missed a certification deadline imposed by the Department.

In 2016, Public Citizen began investigating the TEACH Grant program and the problem of grant-to-loan conversions. It submitted a Freedom of Information Act (FOIA) request to the Department, asking for documents that would shed light on the conversions, the affected recipients, and any available recourse for recipients to reinstate their TEACH Grants after conversion.⁸ In March 2018, Public Citizen filed a lawsuit to force the Department to comply with its obligation to release public records under FOIA.⁹ Although that litigation remains pending and more records may be released, Public Citizen has so far obtained more than 2,400 pages of responsive documents.¹⁰ Those documents provide the most complete picture to date of grant-to-loan conversions under the TEACH Grant program.

This report describes the legal underpinnings for TEACH grant-to-loan conversions, identifying ways in which the Department’s own regulations have unnecessarily exacerbated these conversions and left recipients without recourse. It also highlights previously unreported findings, based on Public Citizen’s FOIA request and review of other program documents, that demonstrate years of program mismanagement and inadequate oversight of the private contractors hired to help with the program’s administration.

On December 9, 2018, the Department announced that it will create a “reconsideration” process for individuals who “met or are meeting the TEACH Grant service requirements within the eight-year service obligation period, but had [their] grants converted to loans because

⁷ The Department itself projected at the outset of the program that 80 percent of all TEACH Grants would convert to loans. Department of Education, The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and Other Federal Student Aid Programs, 73 Fed. Reg. 35,472, 35,480 (June 23, 2008) (final rule) (hereinafter, 2008 TEACH Grant Final Rule); see also GAO Report 22 n.37 (stating that the Department “subsequently revised this estimate to 75 percent”).

⁸ See Appendix 1.

⁹ See Complaint, *Public Citizen, Inc. v. Department of Education*, No. 18-691 (D.D.C. filed Mar. 28, 2018), https://www.citizen.org/system/files/case_documents/complaint-teach-grant-foia-public-citizen.pdf.

¹⁰ Those documents are available in full at <https://www.citizen.org/our-work/litigation/cases/public-citizen-v-department-education-teach-grant-foia>.

[they] did not comply with the annual certification requirement.”¹¹ It also said that it will create a uniform annual certification deadline for recipients to help simplify the certification process. These announcements, although important steps once implemented, do not fix many of the underlying problems with the program described in this report. In addition, previous Department mismanagement of the program and servicer error and backlogs counsel in favor of robust oversight for the changes, particularly since the Department has not yet released detailed written policies to guide them.

II. Legal Backdrop for Grant-to-Loan Conversions

Statutory Authorization for the TEACH Grant Program

Congress enacted the TEACH Grant program as an amendment to Title IV of the Higher Education Act, which covers federal postsecondary student aid programs, including Direct Loans and Pell grants that students can use to attend college.¹² The Department of Education is charged with implementing the TEACH Grant program and has delegated those responsibilities to its Federal Student Aid (FSA) office.

FSA has in turn entered into contracts with private companies to help implement the TEACH Grant program. Until 2013, a company called ACS—a private student loan servicer owned by Xerox—had a contract with the Department to manage active TEACH Grants. In 2013, the Department instead contracted with FedLoan Servicing (FedLoan), a large private servicer that is part of the Pennsylvania Higher Education Assistance Agency (PHEAA), to manage active TEACH Grants and most TEACH Grants converted to loans.¹³

By statute, TEACH Grants are capped at \$4,000-per-recipient annually, with total undergraduate and graduate grant caps of \$16,000 and \$8,000, respectively.¹⁴ Students wishing to receive TEACH grants must apply for them and enter into a contract with the Department called an “agreement to serve.”¹⁵ Those agreements include a commitment by the recipient to serve as a teacher in a high-need field and school “for a total of not less than 4 academic years within 8 years after completing the course of study for which the applicant received a TEACH Grant.”¹⁶ The agreements also include a commitment to “submit evidence of such employment in the form of a certification by the chief administrative officer of the school

¹¹ Department of Education, TEACH Grants, <https://studentaid.ed.gov/sa/types/grants-scholarships/teach#annual-certification-date>; see also Chris Arnold & Cory Turner, ED Department to Erase Debts of Teachers, Fix Troubled Grant Program, NPR, Dec. 9, 2018, <https://www.npr.org/2018/12/09/664317114/exclusive-ed-department-to-erase-debts-of-teachers-fix-troubled-grant-program>.

¹² 20 U.S.C. § 1070 *et seq.*

¹³ GAO Report 11 & n.25; 4 & n.12.

¹⁴ 20 U.S.C. § 1070g-1(a)(1), (d).

¹⁵ *Id.* § 1070g-2(a), (b).

¹⁶ *Id.* § 1070g-2(b)(1)(A).

upon completion of each [service] year.”¹⁷ Congress placed no other limitations on the process by which a TEACH Grant recipient could certify her service in a covered position and school.

The statute also sets forth the penalty for a recipient’s failure to live up to her teaching commitment: If a recipient “fails or refuses to comply with the service obligation” in her agreement to serve, her TEACH Grants “shall ... be treated” as federal unsubsidized Direct Loans, “and shall be subject to repayment, together with interest” accrued since the award, “in accordance with terms and conditions specified by” the Department in any later-adopted TEACH Grant regulations.¹⁸

Congress left to the Department substantial responsibility for filling implementation gaps. For example, the statute is silent about whether, and when, the Department should stop the eight-year clock for a recipient to satisfy her service requirement. And the statute directs the Department to “establish, by regulation, categories of extenuating circumstances” that would entitle a grant recipient who is “unable to fulfill all or part of” her service to “be excused” from doing so.¹⁹ Congress did not establish a dispute process for grant-to-loan conversions, or say how or when grants converted to loans could be reconverted.

To enable proper oversight, Congress directed the Department to submit, beginning in 2010 and every two years after that, a report on the TEACH Grant program. Although Congress did not directly mandate that the Department provide information about grant-to-loan conversions, it did direct the agency to report any data necessary to conduct an evaluation of the program.²⁰ It appears, however, that the Department has never complied with its reporting obligation. In its 2016 FOIA request to the Department, Public Citizen specifically asked for any TEACH Grant reports to Congress. The Department has been unable to produce any such reports, including during eight months of litigation over that FOIA request during which the Department has produced hundreds of other pages of records.

TEACH Grant Regulations

As required by the Higher Education Act, the Department used a procedure called negotiated rulemaking to develop regulations to implement the TEACH Grant program. The negotiated rulemaking process brings together representatives of the Department and numerous outside stakeholders to consider rule proposals.²¹ The TEACH Grant negotiated rulemaking committee reached consensus on proposed regulatory language,²² and the

¹⁷ *Id.* § 1070g-2(b)(1)(D).

¹⁸ *Id.* § 1070g-2(c).

¹⁹ *Id.* § 1070g-2(d)(2).

²⁰ *Id.* § 1070g-4.

²¹ *Id.* § 1098a(b)

²² See 2008 TEACH Grant Final Rule, 73 Fed. Reg. 35,472.

Department subsequently issued a proposed rule incorporating that language.²³ In June 2008, after a public comment period, it adopted final regulations to govern the program, just in time for the first grant disbursements that July.²⁴

The TEACH Grant regulations have caused avoidable grant-to-loan conversions by imposing needless certification requirements on recipients. Like the TEACH Grant statute, they require that recipients submit, “upon completion of each year of service, documentation of the service in the form of a certification by a chief administrative officer of the school.”²⁵ But the regulations go much further.

First, and most importantly, the regulations provide that a TEACH Grant will convert to a loan if the “grant recipient completes the course of study for which a TEACH Grant was received” but does “not actively confirm to the Secretary, *at least annually*,” an “intention to satisfy the agreement to serve.”²⁶ In other words, whereas the statute requires certification *only* for those years for which a recipient seeks to obtain credit toward the four-year service requirement, the Department’s regulations require certification of service *or* an intent to complete service *every year*. The penalty for failing to submit the certification in any year is conversion of the entire grant to a loan.

Second, the regulations require a grant-to-loan conversion for a TEACH Grant recipient who does not graduate from her TEACH Grant-eligible program of study and does not certify within “120 days of ceasing enrollment” that she is employed in a covered teaching position or otherwise still intends to satisfy her agreement to serve.²⁷

Third, the regulations provide that a grant recipient who does not complete her TEACH Grant-eligible program will suffer a grant-to-loan conversion if she has not, within one year of separating from her program, either gotten a suspension of the eight-year certification period (a possibility permitted elsewhere in the regulations), re-enrolled in another TEACH Grant-eligible program, or begun covered teaching service.²⁸

During the rulemaking process, the Department was urged to protect grant recipients who did not submit annual certification documentation in a timely manner, so as to prevent grants

²³ Department of Education, The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and Other Federal Student Aid Programs, 73 Fed. Reg. 15,336 (Mar. 21, 2008) (proposed rule) (hereinafter, 2008 TEACH Grant Proposed Rule).

²⁴ 2008 TEACH Grant Final Rule, 73 Fed. Reg. 35,472.

²⁵ 34 C.F.R. § 686.12(b)(2).

²⁶ *Id.* § 686.43(a)(4) (emphasis added).

²⁷ *Id.* § 686.43(a)(2).

²⁸ *Id.* § 686.43(a)(3). Grants may also convert to loans where a recipient requests the conversion for any reason, or where the recipient has not maintained or begun qualified employment “within the timeframe that would allow that individual to complete the service obligation within the [requisite] number of years.” *Id.* § 686.43(a)(5).

of service-compliant teachers from being irrevocably converted because of missed deadlines.²⁹ Non-federal negotiators also expressed concerns regarding conversions made “by mistake or through some omission or error on the part of either the Secretary or the grant recipient,” and sought to include an appeal process in the regulations.³⁰

The Department rejected these suggestions for flexibility and a mechanism for error correction. Instead, it established a blanket policy that a “TEACH Grant that is converted” to a loan “cannot be reconverted to a grant.”³¹ It stated that the timeframes for certification were “reasonable” and “protect[ed] the Federal fiscal interest.”³² And it deemed unnecessary an appeal process, noting, for example, that recipients had eight years to complete four years of service and could reach out to the FSA Student Loan Ombudsman—an office that helps resolve borrower disputes but has no binding authority—or other Department staff to resolve a disputed conversion.³³ The Department did not explain how the Ombudsman or other agency staff could help individuals dispute conversions in the face of procedures that, at least on their face, did not permit reconversion.

In the 2008 rules, the Department exercised its discretion to permit recipients to temporarily stop the clock on the eight-year certification period in some circumstances, and to provide for proportional discharge of the service obligation in extenuating circumstances, as directed by Congress. The Department did not, however, extend these mechanisms for flexibility to individuals harmed by grant-to-loan conversions that might be corrected but that would nevertheless chip away at the recipients’ eight-year time limit for service.

Specifically, the Department recognized that the “statute does not address periods of suspension of the eight-year period for completion of the TEACH Grant service obligation.”³⁴ It exercised its discretion to permit a temporary stop to that period, but limited this type of “suspension” to circumstances in which a recipient reenrolls in certain programs of study, has a condition that would qualify as a basis for leave under the Family and Medical Leave Act, or receives a call or order to active duty military status.³⁵

Similarly, the Department provided for proportional discharge of service obligations in the event of a recipient’s death, total and permanent disability, or a call or order to active duty

²⁹ 2008 TEACH Grant Final Rule, 73 Fed. Reg. at 35,482.

³⁰ 2008 TEACH Grant Proposed Rule, 73 Fed. Reg. at 15,352.

³¹ 34 C.F.R. § 686.43(d); *see also id.* § 686.32(a)(3)(viii) (requiring institutions whose students obtain TEACH Grants to provide initial counseling to those students that emphasizes “that, once a TEACH Grant is converted to a Federal Direct Unsubsidized Loan, it cannot be reconverted to a grant”); *id.* § 686.32(b)(iv) (same for subsequent institutional counseling); *id.* § 686.32(c)(4)(vii) (same for institutional exit counseling).

³² 2008 TEACH Grant Final Rule, 73 Fed. Reg. at 35,482.

³³ *See id.* at 35,486; *see also* 2008 TEACH Grant Proposed Rule, 73 Fed. Reg. at 15,352.

³⁴ 2008 TEACH Grant Proposed Rule, 73 Fed. Reg. at 15,350.

³⁵ 34 C.F.R. § 686.41(a)(1); *see also id.* § 686.41(a)(2) (describing the cumulative time period caps applicable to various types of suspension).

status that exceeds three years (during which time the recipient could have qualified for a suspension of the eight-year service period).³⁶ It necessarily determined that these grounds constituted “extenuating circumstances”—as envisioned by Congress—to justify discharge.³⁷

The Department’s TEACH Grant regulations do not address when and how recipients are advised of the need to certify after leaving a program of study and annually thereafter. The regulations also do not specify when a TEACH Grant will convert to a loan after a recipient misses a certification deadline. The timing of notices to recipients and the timing of subsequent conversions for missed certification are also not incorporated into the agreement to serve that grant recipients sign with the Department.³⁸ They are, however, incorporated into the servicing contract between the Department and FedLoan.³⁹ As noted above, on December 9, 2018, the Department announced that it would change the annual certification deadline for recipients to set a single deadline for all recipients.⁴⁰

III. Erroneous Conversions

Fast forward seven years: In February 2015, the U.S. Government Accountability Office (GAO) examined the TEACH Grant program and documented numerous shortcomings in the Department’s management. GAO reported that, over the course of roughly one year, the Department and FedLoan, the private contractor managing the program since 2013, had discovered that 2,252 recipients had their grants erroneously converted into loans “by the current and previous servicer due to servicer error.”⁴¹ More than half (56 percent) of these erroneous conversions were due to the servicer converting a grant to a loan without giving the recipient 30 days from the final notification to certify that the recipient was teaching or intended to teach.⁴² Another 19 percent occurred because of a recipient’s misunderstanding of the grant or certification requirements, or the servicer’s “inaccurate, unclear, confusing, or misleading explanations” of those requirements to grant recipients.⁴³ GAO also reported that 64 percent of requests for assistance received by the FSA Ombudsman between October 2011 through March 2014 concerned problems submitting annual certification paperwork, including

³⁶ See *id.* § 686.42.

³⁷ See 2008 TEACH Grant Proposed Rule, 73 Fed. Reg. at 15,350 (“The statute does not address the discharge of a service obligation if a TEACH Grant recipient dies or becomes totally and permanently disabled.”); *id.* at 15,351 (describing the decision to permit discharges as based on what the Department deems would be “appropriate”); *id.* at 15,353 (stating that the Higher Education Act “is silent” on the issue of discharge for death or disability).

³⁸ See generally Appendix 2-102 to 2-267.

³⁹ Appendix 2-77, 2-78.

⁴⁰ Department of Education, TEACH Grants, <https://studentaid.ed.gov/sa/types/grants-scholarships/teach#annual-certification-date>.

⁴¹ GAO Report 26.

⁴² *Id.* at 27.

⁴³ *Id.*

complaints that the servicer failed to send reminders of certification deadlines or converted a grant to a loan in error.⁴⁴

Although GAO stated that the scope of the erroneous conversion problem was unknown,⁴⁵ it concluded that the number of erroneously converted grants already identified signaled “a clear need for improved program management, particularly with regard to the grant-to-loan conversion dispute process.”⁴⁶ The GAO reported that Department officials planned “to review accounts for all of the approximately 36,000 TEACH grant recipients who had grants converted to loans by the current and previous servicer since the program’s inception.”⁴⁷ It faulted the Department, however, for not establishing a timeframe to complete that review,⁴⁸ and for failing to assess why errors occurred and how they went undetected.⁴⁹

Documents obtained by Public Citizen through its FOIA request, some of which it previously shared with the Washington Post and NPR, indicate that the problem of erroneous conversions has been far more severe than GAO reported.⁵⁰ Specifically, in its FOIA request, Public Citizen sought, among other documents, any findings with respect to conversions of TEACH Grants to loans and any policies that the Department had provided to FedLoan to correct erroneous conversions. Public Citizen received from the Department a series of “Change Request” forms, which operate as modifications to the servicing contract between the Department and a private servicer, in this case FedLoan.

The first of those forms, dating to Fall 2014 and entitled “TEACH Grants Incorrectly Converted – PHASE 1,” describes a “population of TEACH Grant recipients” for whom “Xerox incorrectly converted their TEACH Grants to loans” and states that these recipients “should be contacted and provided the option to have their loan converted back to a grant.”⁵¹ In the document, the Department charged FedLoan with reviewing “all TEACH Loan data to identify grant suspects as converted in error” for one of four identified reasons, including a conversion “within 1 year of Graduation from the school to which the TEACH Grant was received,” and a conversion “within 120 days of their withdraw [sic] from the school for which the TEACH Grant

⁴⁴ *Id.* at 21.

⁴⁵ *Id.* at 27.

⁴⁶ *Id.* at 33.

⁴⁷ *Id.* at 28; *see also id.* at 46 (stating, in a letter from the Department to the GAO, that the agency had instructed FedLoan “to examine every TEACH grant-to-loan conversion for accuracy”).

⁴⁸ *Id.* at 29.

⁴⁹ *Id.* at 30.

⁵⁰ Danielle Douglas-Gabriel, *‘This situation ... made my first four years of teaching so much harder’: How a grant became a loan*, Wash. Post, Mar. 30, 2018; Cory Turner & Chris Arnold, *Senators to DeVos on TEACH Grant Debacle: ‘Urgent That These Mistakes Are Fixed,’* NPR, July 2, 2018.

⁵¹ Appendix 2-1.

was received.”⁵² Under the Department’s regulations, neither of those types of conversions ever should have occurred, at least not involuntarily.⁵³

A FedLoan document described as “[f]indings” in response to this Change Request states that grants “for 10,776 TEACH Grant recipients may have been converted in error” by the prior TEACH servicer, based on the four possible criteria identified by the Department.⁵⁴ Those 10,776 recipients amounted to 37 percent of all recipients whose grants were converted by Xerox.⁵⁵

The number of suspected erroneous conversions reported by FedLoan is strikingly high, but the actual number is surely far greater, for two reasons. First, FedLoan’s analysis covered conversions only by Xerox/ACS, not any conversions that had occurred by that time as a result of FedLoan’s own errors or that have occurred since.⁵⁶ Public Citizen obtained from the Department a September 2018 document that tracks conversion-related disputes lodged by TEACH Grant recipients, and it suggests that problems continue. Of more than 11,000 disputes regarding the program, only 17 percent (1,833 disputes) are clearly attributable to erroneous conversions by Xerox/ACS or attempts to fix those conversions.⁵⁷

Second, FedLoan’s findings cover only four possible bases for erroneous conversion. They do not cover, for example, some erroneous conversions highlighted in the GAO report, such as conversions based on the servicer’s failure to give a recipient 30 days from a notice to submit a certification form or based on a servicer’s misleading instructions. In more recent correspondence between GAO and the Department that Public Citizen has obtained, GAO noted that FedLoan had provided GAO with “information on other errors that also contributed to the 2,252 erroneous conversions: the recipient [was] not given 30 days from final certification to certify, the recipient did not understand grant terms, the recipient was not given 45 days from first notification to certify, and the grant converted to loan before certification was due.”⁵⁸ In response to GAO’s request for clarification as to whether these errors were

⁵² Appendix 2-2.

⁵³ Recipient-requested conversions likely account for a small fraction of all conversions. For example, the GAO reported that between August 1, 2013, and September 30, 2014, “approximately 86 percent of the 12,648 recipients who had their grants converted to loans ... were involuntary conversions—that is, initiated by the TEACH Grant servicer”—as opposed to voluntary conversions requested by recipients. GAO Report 18.

⁵⁴ Appendix 2-12. A project scope statement for fixing the Xerox/ACS erroneous conversions indicated that this portion of the analysis was completed in January 2015. See Appendix 2-5.

⁵⁵ Appendix 2-13.

⁵⁶ Appendix 2-4.

⁵⁷ Appendix 2-14. The beginning of the timeframe during which these data have been collected is not clear from the face of the document.

⁵⁸ Appendix 2-26.

included in the “clean-up operations” to fix earlier conversions,⁵⁹ the Department appears to have demurred, suggesting in a draft that the GAO follow up with FedLoan for clarification.⁶⁰

A chart tracking disputes regarding the TEACH Grant program obtained by Public Citizen through its FOIA request also suggests that the number of erroneous conversions is significantly higher when reasons for conversion beyond the four identified by the Department to fix erroneous Xerox/ACS conversions are considered. That chart classifies nearly 12 percent of all disputes as disputes regarding conversions within 30 days from the final certification request, and another 2.5 percent as conversions occurring prior to the certification due date—neither of which should occur involuntarily.⁶¹ Another 16 percent (1,794 disputes) of all disputes were classified generally as based on recipient confusion or servicing error.⁶²

Records released to Public Citizen also indicate that at least some staff within the Department knew of systemic errors by ACS earlier than previous public reports indicate and that corrective action was not immediately taken. GAO reported that, between August 2013 and September 2014, the Department and its servicer—which by that time was FedLoan—discovered that 2,252 grants had been converted in error.⁶³ Based on the GAO report, it was not clear that any systemic errors had been discovered while ACS was servicing the program. However, Public Citizen has obtained a Department document noting that two individuals, who are current agency employees, identified the problem of erroneous conversions when ACS was still the TEACH Grant servicer and that “ACS was asked [to] stop converting grants incorrectly.”⁶⁴ That document notes that “a clean-up was not initiated” at that time.⁶⁵ Another document states that at “one time, ACS’s practice was to convert grants to loans for graduated TEACH recipients if they failed to certify after 120 days” and that this “error was identified in February 2013,” months before FedLoan took over the TEACH Grant program’s administration.⁶⁶

Even when the Department designed a proposed fix for the erroneous Xerox/ACS conversions, it fell woefully short. The Department issued two additional Change Requests, one tasking FedLoan with reaching out to recipients affected by the Xerox/ACS errors (what the Department termed Phase II of the “Clean Up Project”),⁶⁷ and another directing Xerox/ACS to reconvert eligible grants, rebuild TEACH Grant records, reverse financial transactions, and

⁵⁹ *Id.*

⁶⁰ Appendix 2-20.

⁶¹ Appendix 2-14.

⁶² *Id.*

⁶³ GAO Report 26.

⁶⁴ Appendix 2-339.

⁶⁵ *Id.*

⁶⁶ Appendix 2-34.

⁶⁷ Appendix 2-5, 2-9 to 2-11.

“correct credit reporting” associated with the errors (Phase III of the “Clean Up Project”).⁶⁸ Although the plans initially called for special precautions with recipients who had defaulted on their TEACH loans, the Department “decided that discontinuing ... collection efforts” might “be harmful to the borrowers who rely on those monthly calls to remind them to make their monthly payments during rehab.”⁶⁹ The reference to “rehab” refers to a process by which a student loan borrower can “rehabilitate” a defaulted loan, and thus bring it back into good standing, by making a fixed number of on-time monthly payments. Therefore, “no changes [were] made with these borrowers.”⁷⁰ In addition, although some records indicate that FedLoan was tasked with cleaning up credit history issues for recipients regardless of whether their erroneously converted loans were in default, it remains unclear what those efforts entailed.⁷¹

Based on the FOIA documents obtained by Public Citizen, NPR began investigating what happened to individuals whose grants were suspected to have been converted in error by Xerox/ACS. NPR reported in July 2018 that “just 15 percent—1,671 recipients—had their loans changed back to grants” by the Department and FedLoan.⁷² Instead of automatically reconverting loans back to grants, FedLoan “mailed one letter to most of the borrowers in this target group,” and followed up with an email where an address was available.⁷³ The letter stated simply that the recipient’s “TEACH Grants may have been converted to loans *prematurely* by [the] previous TEACH Grant servicer.”⁷⁴ It did not inform recipients that the Department and FedLoan believed that the conversions appeared to be erroneous. And it did not inform them of any additional flexibility for individuals whose grants had, by that time, been converted to loans for numerous years and who might as a result have left careers in covered schools and fields that would allow them to satisfy the four-year service requirement.

IV. Conversions Due to Certification Problems

In addition to the many wrongful conversions directly attributable to servicer error, other conversions arise from recipients’ technical errors or untimely submissions during the complicated certification process required by the Department.⁷⁵ As discussed above, recipients

⁶⁸ Appendix 2-11, 2-27.

⁶⁹ Appendix 2-36.

⁷⁰ *Id.*

⁷¹ See Appendix 2-2, 2-27.

⁷² Turner & Arnold, *Senators to DeVos*; see also Appendix 2-36 (indicating that as of October 30, 2017, PHEAA had reconverted and rebuilt 2,784 grants (one or more of which could correspond to a single recipient)).

⁷³ Turner & Arnold, *Senators to DeVos*.

⁷⁴ *Id.* (emphasis added).

⁷⁵ Distinguishing between servicer and recipient error is not always clear cut. For example, in a 2015 Department audit of FedLoan, the Department referred to a “certification backlog” at the servicer that spanned “many months” and caused grant-to-loan conversions because recipients were not given the 30 days to respond to certification notices. Appendix 2-42.

must certify annually either that they are working in covered teaching positions and schools, or that they are not currently doing so but still intend to complete their service requirements. A subset of recipients is also required to certify an intent to satisfy the service obligations within 120 days of leaving a program of study.

Under the Department's regulations, a failure to timely submit a required certification form automatically results in a grant-to-loan conversion, even for a recipient who is satisfying her service requirement and could fully do so within the eight-year period provided by the program. As a result, many grant-to-loan conversions do not further the program's core purpose of bringing much-needed teachers into high-need fields and schools.

For example, the Department reported this year on a nationally representative survey of TEACH Grant recipients, in which 32 percent of recipients whose grants had been converted to loans indicated that "they had already completed the [grant] requirements or were likely to do so."⁷⁶ Although the Department cited this "inconsistency" in responses as a basis for interpreting with caution any findings related to these factors,⁷⁷ the survey result may instead reflect that many grant recipients are meeting the service requirements to maintain their grants but that their grants are nevertheless being converted to loans.

The Department has not addressed the role that its regulations play in causing technical certification problems. Although the Department has announced a negotiated rulemaking in early 2019 to amend the TEACH Grant regulations,⁷⁸ it has to date not revisited the regulations requiring annual certification for all recipients, even in years when the recipient is not working in a covered position, and has not amended its requirement for certification within 120 days of a recipient leaving her program of study without graduating.

The Department's failure to reconsider these cumbersome and rigid certification requirements is at odds with the advice of its servicer FedLoan. In 2015 the Department conducted a review of how FedLoan was handling the TEACH Grant program. As part of that review, FedLoan provided suggestions for "changes to requirements with known challenges."⁷⁹ It indicated that the annual certification requirement is "an obstacle for TEACH Grant recipients to completing their service obligation," and does not represent recipients "having no intention to honor the meaning behind the grant: that they serve a low income school in a high need field."⁸⁰ Accordingly, FedLoan recommended that the Department grant it "[a]pproval to reinstate grant status, on grants that converted to loans, based on evidence of eligible teaching service completed," regardless whether a recipient might have run afoul of a technical

⁷⁶ ED Study xvii.

⁷⁷ *Id.*

⁷⁸ See Department of Education, Negotiated Rulemaking Committee; Negotiator Nominations and Schedule of Committee Meeting—Accreditation and Innovation, 83 Fed. Reg. 51,906 (Oct. 15, 2018).

⁷⁹ Appendix 2-48.

⁸⁰ Appendix 2-48 to 2-49.

certification requirement.⁸¹ FedLoan believed the program would “have better accountability and outcome measures if [it] could reinstate grant status for those who complete their service obligation within their expected obligation period, regardless of loan status.”⁸² FedLoan also suggested that the Department “[r]emove complex certification eligibility requirements” based on whether a recipient graduated or withdrew from her program.⁸³ The Department did not adopt FedLoan’s suggestions.

The problems with certification concern not only the requirement of annual submission, but the certification form itself. In one document released to Public Citizen, the Department recently characterized the form as “too complicated and confusing because it attempts to capture very different requirements for different populations.”⁸⁴

Although a process exists to guard against unwieldy and unnecessary forms, the Department failed to go through this required process. Based on a review of the existing form and other program records, Public Citizen has discovered that the Department remarkably never complied with the Paperwork Reduction Act (PRA) before requiring grant recipients to complete the annual certification form. Intended to ensure that federal agencies do not impose unnecessary paperwork on members of the public, the PRA requires federal agencies, including the Department of Education, to seek approval for any “information collection,” including forms that more than ten members of the public will complete. The agency must, among other things, certify that the information will have “practical utility”; that the agency has reduced any burden on respondents to the extent practicable; and that the form “is written using plain, coherent, and unambiguous terminology and is understandable to those who are to respond.”⁸⁵ An agency proposing a form covered by the PRA must publish a notice in the Federal Register, take public comment on the proposed form, and estimate the amount of time that it will take for respondents to complete the form.⁸⁶

Under the PRA, the Office of Management and Budget (OMB), a separate agency that acts as “the overseer of other agencies with respect to paperwork,”⁸⁷ must then review the collection of information and, where warranted, approve it.⁸⁸ When OMB approves an

⁸¹ Appendix 2-48.

⁸² *Id.*

⁸³ Appendix 2-49. As noted above, at page 5, only recipients who withdraw from their programs of study must certify within 120 days of doing so that they intend to complete their service requirement, or risk conversion of their grants.

⁸⁴ Appendix 2-53.

⁸⁵ 44 U.S.C. § 3506(c); *see also* 5 C.F.R. § 1320.5 (OMB regulation requiring that an agency seeking OMB approval of an information collection must show that it has taken “every reasonable step to ensure” the collection is “the least burdensome necessary for the proper performance of the agency’s functions” and “has practical utility”).

⁸⁶ 44 U.S.C. § 3506(c)(1).

⁸⁷ *Dole*, 494 U.S. 26, 32 (1990); 44 U.S.C. § 3508.

⁸⁸ 44 U.S.C. § 3508.

information collection, it assigns a number to the collection, which must appear on the first page of any authorized form.⁸⁹

OMB's approval of a form lasts up to three years, after which the agency must seek reapproval. This time limitation forces agencies to periodically reexamine forms that they require members of the public to complete.⁹⁰

The sanction for an agency's non-compliance with the PRA is steep: Under what is termed the "public protection" provision of the statute, a member of the public otherwise required to complete the form can simply ignore requests that are not in compliance with the PRA.⁹¹ Specifically, the PRA provides that "no person shall be subject to any penalty for failing to comply with a collection of information" if the corresponding form does not include a valid OMB control number on it or if the agency collecting the information does not inform the respondent that she "is not required to respond to the collection of information unless it displays a valid control number."⁹² The statute defines "penalty" to include "the revocation" of a "grant[] or benefit."⁹³ Although the PRA "does not authorize a private right of action,"⁹⁴ the public protection provision "may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or [applicable] judicial action."⁹⁵ A PRA claim also "can be raised after information has been submitted," thus creating an incentive for agencies to comply with the PRA prospectively.⁹⁶

Public Citizen has concluded that the Department of Education violated the PRA by imposing its annual certification form on TEACH Grant recipients without going through the review and public comment process. The current form does not bear an OMB approval number, and we could find no Federal Register notices seeking public comment on the form, as the PRA requires.⁹⁷ Currently, the form is on FedLoan letterhead, not Department letterhead, but the PRA covers collections of information "provided to a federal agency, either directly or

⁸⁹ *Id.* § 3507(a)(3); *Hyatt v. Office of Mgmt. & Budget*, 908 F.3d 1165, 1172 (9th Cir. 2018).

⁹⁰ 44 U.S.C. § 3507(g).

⁹¹ *See, e.g., Saco River Cellular, Inc. v. FCC*, 133 F.3d 25, 32 (D.C. Cir. 1998) (holding that because a regulatory requirement to supply information "lacked a control number when the Commission required" an entity to comply, "the Commission could not punish [that entity] for failing to submit the information it required"); *United States v. Hatch*, 919 F.2d 1394, 1396 (9th Cir. 1990) (holding that a criminal information failed to charge an offense based on a miner's failure to obtain an approved operations plan where the National Forest Service had not obtained PRA approval for the information collection required).

⁹² 44 U.S.C. § 3512(a).

⁹³ *Id.* § 3502(14).

⁹⁴ *Sutton v. Providence St. Joseph Med. Ctr.*, 192 F.3d 826, 844 (9th Cir. 1999).

⁹⁵ 44 U.S.C. § 3512(b).

⁹⁶ *Ctr. for Auto Safety v. Nat'l Highway Traffic Safety Admin.*, 244 F.3d 144, 150 (D.C. Cir. 2001).

⁹⁷ TEACH Grant Certification Form, <https://myfedloan.org/documents/teach-grants/fd/certification-public-v04.pdf>, attached as Appendix 3; *see* 44 U.S.C. § 3506 (identifying agency responsibilities in PRA process).

indirectly,”⁹⁸ and the annual certification form is required by regulation for the benefit of the Department. Indeed, the form makes clear—through its return address—that it is issued on behalf of the Department.

The reason why the Department never sought approval under the PRA to use the annual certification form is not apparent. When it finalized its 2008 TEACH Grant regulations, the Department acknowledged that it would need to undertake the PRA process in creating the 120-day certification form and the annual certification form. It stated at that time that it would issue a “separate 60-day information collection notice ... in the Federal Register to solicit comment” on the 120-day “notification form once it [was] developed,” and stated that the annual certification form would “be covered under the same new collection.”⁹⁹ The Department stated that the forms would “be put into the paperwork clearance process by October 2008.”¹⁰⁰ There is, however, no trace of such a process. Consequently, teachers whose loans were converted because of failures to comply with the technical requirements of the existing form may be able to invoke the PRA in arguing against the conversion of their loans.

Records obtained by Public Citizen through its FOIA request demonstrate that efforts are currently underway at the Department to revise its certification form, replacing the form “with three separate certification forms: one for the initial 120-day certification requirement; one for non-completers to cover the required 1-year certification; and one for completers to cover the annual certification requirement.”¹⁰¹ The records acknowledge that these forms will need to “clear[] a review and clearance process,” including with OMB.¹⁰²

Without doubt, the Department should move quickly to secure approval for the TEACH Grant certification form or forms that it plans to use going forward. However, such prospective approval cannot erase the fact that it has operated in violation of the PRA for a decade. The statutorily required PRA review might well have resulted in an improved certification form, rather than the “complicated and confusing” form that has likely contributed to the high number of grants converted to loans because of paperwork errors or missed deadlines.

V. The Dispute Process

Particularly given the high number of erroneous conversions and other conversions for teachers who are satisfying service requirements, the availability of a clear, rapid, and effective process for recipients to dispute conversions is critical. GAO, however, in the course of reporting on grant-to-loan conversions, noted significant shortcomings in the recourse offered

⁹⁸ *Dole*, 494 U.S. at 33 & n.4 (emphasis added); see also 44 U.S.C. § 3502(3) (defining “collection of information” broadly to include obtaining facts “by or for an agency”).

⁹⁹ 2008 TEACH Grant Final Rule, 73 Fed. Reg. at 35,490; see also *id.* at 35,488 (acknowledging in final rule that 34 C.F.R. §§ 686-40 and 686.53 “contain information collection requirements”).

¹⁰⁰ 2008 TEACH Grant Final Rule, 73 Fed. Reg. at 35,490.

¹⁰¹ Appendix 2-5, 2-53 to 2-54; see also *id.* at 2-62 to 2-63.

¹⁰² Appendix 2-54, 2-63.

to grant recipients who believed that their loans were converted in error. GAO reported that the Department had “established a process whereby TEACH grant recipients [could] appeal to the servicer” or to the Department to dispute a conversion, and GAO stated that the agency would reverse the conversion if servicer error was identified.¹⁰³ But the Department and its servicer “provide[d] incomplete and inconsistent information to recipients about the availability of and criteria for disputing a grant-to-loan conversion.”¹⁰⁴ In addition, correspondence and policy documents given to recipients stated “that once a TEACH grant is converted to a loan it cannot be reconverted to a grant,” a statement that GAO noted was inconsistent with the Department’s assertion of the availability of a grant-to-loan conversion dispute process.¹⁰⁵

GAO recommended that the Department review its dispute process and “disseminate to appropriate audiences clear, consistent information on it, including that recipients have an option to dispute, how to initiate a dispute, and the specific criteria considered in the adjudicating process.”¹⁰⁶ Accordingly, in its FOIA request, Public Citizen sought records reflecting the available dispute process for grant-to-loan conversions, noting that it had been unable to identify any public records describing that process despite GAO’s earlier admonishment.¹⁰⁷

The records that Public Citizen has obtained through FOIA show that the Department has not made headway in formalizing a dispute process and conveying the standards used in that process to potentially affected recipients. To date, more than two years after Public Citizen’s FOIA request and eight months into FOIA litigation, the Department still has not produced *any* document intended for public distribution that describes how to initiate a dispute—beyond contacting one’s servicer—or that identifies the full criteria the Department and its servicer use to resolve a grant-to-loan conversion dispute.

For example, the Department’s agreement to serve, which students must sign at the time they receive a TEACH Grant, indicates that a TEACH Grant that is converted to a loan *cannot* be reconverted.¹⁰⁸ The version of the agreement approved by the Department in April 2015, two months after the GAO report highlighted that the agreement to serve inaccurately stated that reconversions were impossible, repeated the same erroneous statement.¹⁰⁹ The Department’s most recent version of the agreement, submitted for Office of Management and Budget approval in April 2018 to comply with the Department’s obligations under the Paperwork Reduction Act, states only:

¹⁰³ GAO Report 31.

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.* at 34.

¹⁰⁷ See Appendix 1.

¹⁰⁸ See generally Appendix 2-102 to 267.

¹⁰⁹ Appendix 2-219.

A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant. If [you] have questions about the conversion of a TEACH Grant to a Direct Unsubsidized loan or if [you] believe that a TEACH Grant ... was converted to a Direct Unsubsidized Loan in error, [you] may contact [your] TEACH Grant servicer.¹¹⁰

Similarly, guides created by the Department in 2016 for institutions to conduct entrance and exit counseling with TEACH Grant recipients about their responsibilities in the grant program include no information about how a recipient can seek redress for an erroneous conversion.¹¹¹

In May 2015, the Department instructed FedLoan to identify in correspondence to recipients whose grants are erroneously converted “the ways a recipient can contact the TEACH Grant Servicer to discuss/dispute their grant to loan conversion.”¹¹² Its only reference to criteria for reviewing disputes was to tell FedLoan to instruct recipients that reconversions were not available for “personal or extenuating circumstances.”¹¹³ FedLoan was tasked with providing “additional scripting to their Customer Service Representatives” so these individuals could “accurately answer questions regarding the new information included on the Grant to Loan Conversion communications.”¹¹⁴ Public Citizen has not received a copy of this script, and so cannot evaluate what it states about the dispute process.

In addition, more than three years after the GAO report, the Department’s criteria for resolving disputes and dividing responsibilities with FedLoan in that process remain unclear. Public Citizen obtained only one document, another Change Request, that provides additional detail about this division of labor. Dated 2014, it enumerates certain types of disputes that FedLoan may resolve without forwarding to the Department, including those based on conversions of a grant within one year of a student’s graduation, and conversions that occur while a student remains enrolled in her program of study.¹¹⁵ It also identifies certain disputes that must be forwarded to the Department for final review, including all “escalated disputes,” such as those involving Congress, the FSA Ombudsman, or the Better Business Bureau, and any disputes that are being “appealed” from a previous FedLoan denial.¹¹⁶ Other standards for the division of labor are less clear. For example, the document directs FedLoan to deny without Department review disputes “where certification requests were sent and the sole issue is that the recipient failed to certify as required,” but it then directs FedLoan to obtain Department

¹¹⁰ See OMB Control No. 1845-0083, Information Collection Title: TEACH Grant Agreement to Serve, as submitted Apr. 17, 2018, https://www.reginfo.gov/public/do/PRAViewIC?ref_nbr=201801-1845-003&icID=184855 (Instrument File at 12).

¹¹¹ Appendix 2-285, 2-314.

¹¹² Appendix 2-67.

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ Appendix 2-68.

¹¹⁶ *Id.*

review of disputes involving “poor or conflicting information” provided by FedLoan or the previous servicer “that may have confused the recipient about certification requirements.”¹¹⁷

Finally, one document obtained by Public Citizen raises significant questions about the efficiency of the Department’s dispute process. That document reveals that 26 percent of disputes in the program remain pending for five months or more.¹¹⁸ Because recipients whose grants convert to loans have only six months of a grace period before they must start paying off these loans,¹¹⁹ these delays in adjudicating disputes have real financial consequences for individuals.

The Department’s failure to formalize and clarify a dispute process remains important even after its December 2018 announcement that it will create a reconsideration process for previous conversions based on a recipient’s failure to submit an annual certification form. As an initial matter, some conversions occur due to problems at other points in the certification process, not just in the annual certification phase. Moreover, the Department’s announcement—even if perfectly implemented to help individuals already harmed by covered conversions—will not stop the wave of new conversions going forward, because the Department’s regulations continue to require annual certification and the sanction of grant-to-loan conversion for a single missed or late certification. In addition, the Department’s significant dispute backlog invites the question how the Department will ensure that teachers coming forward in response to the December 2018 announcement receive timely responses.

VI. Recommendations and Conclusion

The Department of Education’s handling of the TEACH Grant program—specifically, the high number of erroneous or otherwise avoidable grant-to-loan conversions—has been a disaster. At least five years after the Department first learned of systemic errors by one of its servicers, the Department is still struggling to address these and other errors. Eighty-five percent of individuals suspected to have been harmed by erroneous conversions under ACS/Xerox have never received relief. Moreover, data regarding dispute trends suggest that some errors continue under the current servicer, FedLoan. FedLoan is, in fact, currently defending itself in lawsuits brought by the Attorney General of Massachusetts and by private plaintiffs in multi-district litigation relating to the servicer’s handling of the TEACH Grant program.¹²⁰

The Department has also adhered to complicated and unnecessarily rigid certification regulations that exacerbate grant-to-loan conversions. And it has shown a repeated disregard of its legal obligations with respect to the TEACH Grant program. It has apparently failed to report to Congress at any time in the last decade on the health of the program, despite a

¹¹⁷ *Id.*

¹¹⁸ Appendix 2-14.

¹¹⁹ 34 C.F.R. § 686.43(c)(1).

¹²⁰ *Commonwealth of Mass. v. Penn. Higher Educ. Assistance Agency*, No. 1784-cv-02682 (Mass. Super. Ct.); *In re FedLoan Student Loan Servicing Litig.*, MDL No. 2833 (E.D. Pa.).

biennial mandate to do so. During that time, it has also subjected thousands of grant recipients to an unlawful certification form that never received approval through the Paperwork Reduction Act, tripping up an untold number of grant recipients now saddled with unexpected loans.

The Department's handling of the TEACH Grant program offers a cautionary tale regarding the current federal student aid system. That system relies heavily on the competence of a private servicing industry and an expectation of robust Department oversight. As the TEACH Grant debacle demonstrates, we have neither.

Existing checks on unscrupulous or incompetent servicers are also under threat. In March 2018, the Department under Secretary Betsy DeVos issued a broad statement contending that the Higher Education Act's financial aid regime forecloses many borrowers' rights under state consumer protection statutes, including those that provide at least some relief to individuals harmed by the private servicing industry.¹²¹ The Department contended that its oversight of servicers is alone sufficient to ensure that borrowers "receive exemplary customer service and are protected from substandard practices."¹²² The TEACH Grant experience belies that contention.

In the Department's upcoming negotiated rulemaking, it is imperative that the Department address the many shortcomings identified in this report, not just to protect future grant recipients, but to make whole those grant recipients who have already been harmed. Changes are necessary notwithstanding the Department's December 2018 announcement of program modifications. That announcement, for example, would not provide any added flexibility to the eight-year certification period for individuals harmed by previous conversions and now under tight time constraints to complete their service. And the Department has not stepped back from the draconian sanction of conversion for a single missed deadline, an outcome that instead flows from the Department's regulations.

Specifically, the Department should consider, among other changes:

- Removing the requirement that a grant convert to a loan upon a single missed certification requirement;
- Removing the requirement that recipients submit mandatory certification forms in years for which they do not seek credit toward their four-year service requirement;
- Allowing individuals who miss certification deadlines, whatever those deadlines may be, to request exceptions based on extenuating circumstances;
- Formalizing a process for recipients to appeal grant-to-loan conversions and including a mandatory deadline of 30 days for the Department to respond;

¹²¹ See Department of Education, Federal Preemption and State Regulation of the Department of Education's Federal Student Loan Programs and Student Loan Servicers, 83 Fed. Reg. 10,619 (Mar. 12, 2018).

¹²² *Id.* at 10,622.

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- Allowing an interest-free deferment option for teachers appealing their loan conversions and ceasing all involuntary collection of converted loans while a dispute is pending;
 - Ensuring that individuals whose loans are reconverted to grants are entitled to a refund of money paid toward those loans and that such money is redistributed to other loan accounts only upon the express request of the recipient after being advised of redistribution consequences, including potentially with respect to Public Service Loan Forgiveness;
 - Ensuring that individuals whose loans are reconverted to grants are able to obtain correction of their credit histories, including deletion of derogatory tradelines based on erroneous or unlawful conversions and, where applicable, a statement of error by the Department that the individuals may provide to consumers of the individuals' credit reports;
 - Permitting individuals whose loans are reconverted to obtain retroactive suspension of the eight-year time limit for performing qualified service during those periods in which the grants were loans; and
 - Permitting proportional discharge of the service obligation for individuals whose grants converted to loans due to Department or servicer error or to the Department's use of an unlawful certification form that did not undergo PRA approval.

The Department must also act immediately to come into compliance with the congressional mandate that it regularly report to Congress on the health of the TEACH Grant program and that it undertake the PRA process for any certification form that it uses.

Congress should act as well. Given the history of mismanagement in the TEACH Grant program, robust oversight is sorely needed, even—or perhaps especially—in light of the Department's December 2018 announcement that it will reconsider many previous conversions. The Department has so far shown itself unwilling or incapable of following the law in overseeing this program, and its servicers have been plagued by errors and backlogs. Now, the Department has made a much-needed first step of announcing changes to the program, but with few written details. Strong oversight is necessary to make sure that teachers around the country are not, yet again, at the whim of an agency and its servicer asleep at the wheel.

Appendix 1



1600 20th Street, NW • Washington, D.C. 20009 • 202/588-1000 • www.citizen.org

August 31, 2016

Via E-mail to EDFOIManager@ed.gov

RE: Freedom of Information Act Request to the Department of Education

Dear Freedom of Information Officer(s):

Pursuant to the Higher Education Act, 20 U.S.C. § 1070g *et seq*, the Department of Education operates the TEACH Grant program, a program through which students pursuing higher education to work as teachers can obtain grants to use toward the cost of their education. Students must sign an agreement to serve in order to receive the grants, and after graduation, grant recipients must demonstrate that they are employed as teachers in select fields for at least four of eight years. If the students fail to demonstrate continued eligibility, the grants are converted to federal Direct Loans. The Department currently contracts with FedLoan Servicing to help it manage the TEACH Grant program and to service TEACH Grants converted to loans. In establishing the TEACH Grant program, Congress required the Department every two years to prepare and submit a report about the program.

On behalf of Public Citizen, Inc., and pursuant to the Freedom of Information Act, 5 U.S.C. § 552, I request:

- (1) All TEACH Grant program reports as described in 20 U.S.C. § 1070g-4;
- (2) The TEACH Grant agreement to serve used by the Department for each year since the TEACH Grant program's inception;
- (3) All instructions, standards, guidance, or policies provided by the Department to FedLoan Servicing, or to the Pennsylvania Higher Education Assistance Agency (PHEAA) (of which FedLoan Servicing is a part), with respect to the reconversion of TEACH Grants erroneously converted to loans. Such documents include, but are not limited to, records addressing:
 - (a) the standards for determining whether a TEACH Grant has been erroneously converted to a loan, and
 - (b) any available process for grant recipients to dispute allegedly erroneous conversions of their grants to loans.

(4) Copies of all findings by the Department of Education, FedLoan Servicing, or PHEAA with respect to a review of accounts for TEACH Grant recipients who had grants converted to loans since the program's inception. Public Citizen does not seek individual account records; rather, we are looking for any aggregate findings based on a review by the Department or its servicers of individual account records.¹

Public Citizen does not seek duplicates of any responsive records or the names or identifying information of any TEACH Grant recipients. It would prefer the records in an electronic format, if available.

If it is your position that records exist that are responsive to this request, but that those records (or portions of those records) are exempt from disclosure, please identify the records that are being withheld and state the basis for the denial for each record being withheld. In addition, please provide the nonexempt portions of the records.

Public Citizen seeks each record in its entirety. Please do not redact portions of any record as "non-responsive," "out of scope," or the like.

Public Citizen seeks access to these records as soon as possible. To expedite the Department's review, we would welcome the opportunity to discuss whether any portions of this request can be narrowed in light of the Department's preliminary search or whether we could consent to the redaction of any information the disclosure of which would necessitate more lengthy review.

Request for a Public Interest Fee Waiver

Public Citizen requests that all fees in connection with this FOIA request be waived in accordance with 5 U.S.C. § 552(a)(4)(A)(iii) and 34 C.F.R. § 5.33 because Public Citizen does not seek the records for a commercial purpose and disclosure is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government.

Public Citizen, which has members and supporters nationwide, is a nonprofit research, litigation, and advocacy organization that represents the public interest before Congress, the executive branch, and the courts. It fights for rights of consumers; for openness and democratic accountability in government; for strong health, safety, and environmental protections; for social and economic justice in globalization and trade policies; for clean, safe, and sustainable energy; and for safe, effective, and affordable medicines and health care.

¹ In 2015, the U.S. Government Accountability Office indicated that the Department would undertake a review of all such accounts in light of previous confirmed errors. *See* U.S. Government Accountability Office, Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes 28 (2015) (hereinafter, GAO Report), *available at* <http://www.gao.gov/assets/670/668634.pdf>.

Public Citizen frequently issues reports or submits petitions on issues affecting consumers, including students and student loan borrowers.² Its attorneys have also worked on cases involving allegations of wrongdoing by student loan servicers and for-profit colleges.³

Public Citizen intends to share information received from this request with the public and has a demonstrated capacity to disseminate this information. It regularly publishes reports based upon information acquired through FOIA. Public Citizen disseminates its reports via publication, through its website (www.citizen.org), and through various newsletters that are distributed to consumers, lawyers, academics, and other interested parties free of charge. Public Citizen staff members also serve as a resource for the media and testify before Congress.

The requested information will also be of significant interest to the public. In February 2015, the Government Accountability Office (GAO) examined the TEACH Grant program and found that, over the course of roughly one year, the Department and its servicer had erroneously converted at least 2,252 grants into loans.⁴ GAO stated that FedLoan Servicing had attributed roughly one in five of these erroneous conversions to a recipient's misunderstanding of the grant or certification requirements or to the servicer's provision of "inaccurate, unclear, confusing, or misleading explanations" of those requirements to grant recipients.⁵ GAO reported that, "[a]s a result of the errors discovered to date, Education officials said they plan to review accounts for all of the approximately 36,000 TEACH grant recipients who had grants converted to loans by the current and previous servicer since the program's inception."⁶ It noted, however, that the Department had not established a timeframe for when that review would be completed. In addition, although GAO stated that the Department permitted reconversions of grants erroneously converted to loans, it concluded that the Department and its servicer "provide[d] incomplete and inconsistent information to recipients about the availability of and criteria for disputing a grant-to-loan conversion."⁷ GAO stated that "[a]bsent clear, consistent, and complete information about whether loan conversions can be disputed and what constitutes servicer error, recipients are unlikely to understand how to navigate the dispute process, criteria on which the dispute decisions are made, or whether a dispute process even exists."⁸

² See, e.g., Public Citizen, Citizen Petition to the Department of Education on Forced Arbitration, Feb. 24, 2016, *available at* <http://www.citizen.org/documents/Citizen-Petition-to-ED-Title-IV-Arbitration-Clauses.pdf>; Public Citizen, Between a Rock and Hard Place: Courthouse Doors Shut for Aggrieved Private Student Loan Borrowers (2012), <https://www.citizen.org/documents/private-student-loans-predatory-lending-arbitration-report.pdf>.

³ *Pele v. Penn. Higher Educ. Assistance Agency*, 628 F. App'x 870 (4th Cir. 2015); *Armstrong v. Accrediting Council for Continuing Educ. & Training, Inc.*, 168 F.3d 1362 (D.C. Cir. 1999), *amended on denial of reh'g*, 177 F.3d 1036 (D.C. Cir. 1999); *Jackson v. Culinary Sch. of Washington, Ltd.*, 59 F.3d 254 (D.C. Cir. 1995); *Morgan v. Markedowne Corp.*, 976 F. Supp. 301 (D.N.J. 1997).

⁴ GAO Report at 26.

⁵ *Id.* at 27.

⁶ *Id.* at 28.

⁷ *Id.* at 31.

⁸ *Id.*

Meanwhile, public accounts of teachers victimized by erroneous conversions have surfaced, as have complaints that erroneous conversions cannot be fixed. One 2014 article reported that all seven teachers at a single Idaho school who received TEACH grants had their grants converted to loans.⁹ One of the teachers stated that the Department’s servicer converted her grant to a loan based on a mistake in the certification paperwork of which she was never told and that the servicer then refused to reconvert it.¹⁰ Another article described a teacher who said he did not receive a letter from the program’s servicer telling him of a mistake in his certification paperwork until two weeks into the 30-day period he had for resubmission of the corrected material.¹¹ The servicer converted the grant to a loan based on the teacher’s asserted failure to meet the deadline for certifying his continued eligibility for the program, and the teacher’s appeal of the decision to the servicer was denied.

To date, Public Citizen has found no publicly available information to shed light on whether the Department has taken steps to correct the problems identified by GAO. For example, the Department’s June 2015 Counseling Guide for the TEACH Grant program provides no information about disputing an erroneous conversion of a TEACH grant; instead, it states that “[o]nce your TEACH Grant is converted to a Direct Unsubsidized Loan, it cannot be reconverted to a grant.”¹² In addition, FedLoan Servicing’s public website provides no information on how erroneous conversions can be disputed, stating only that account holders who believe their grants were converted to loans in error should contact the company.¹³ Copies of the agreements to serve and of any instructions, standards, guidance, or policies provided to FedLoan Servicing would reveal what the Department has told students about disputing erroneous TEACH Grant conversions and what the Department has told its servicer about how such erroneous conversions should be handled.

Public Citizen also has not been able to find public information about whether the Department has conducted a systematic review of all accounts held by TEACH Grant recipients whose grants have been converted to loans. Disclosure of the TEACH Grant program reports and of records regarding any findings from a systematic review of grant accounts converted to loans would shed light on the Department’s efforts to address and correct identified problems in the program.

Request for Recognition as a Representative of the News Media

Public Citizen is also entitled to a waiver of all search fees because it is a “representative of the news media.” As noted above, it regularly publishes reports based upon information

⁹ Jennifer Zamora, *Feds Unfairly Convert Teacher Grants to Loans*, IDEDNEWS.org, May 26, 2014, available at <http://www.idahoednews.org/voices/feds-unfairly-convert-grants-to-loans/>.

¹⁰ *Id.*

¹¹ James R. Hood, *Federal TEACH Grants Are ‘Legalized Theft,’ Betrayed Teachers Charge*, Consumer Affairs, Oct. 23, 2015, available at <https://www.consumeraffairs.com/news/federal-teach-grants-are-legalized-theft-betrayed-teachers-charge-102315.html>

¹² Department of Education, TEACH Grant, Initial and Subsequent Counseling Guide 18 (June 2015), available at <https://teach-ats.ed.gov/ats/images/gen/teachInitialAndSubsequentCounselingGuide.pdf>.

¹³ See FedLoan Servicing, TEACH Grants, <https://myfedloan.org/teach-grants/index.shtml?ref=mURL>.

acquired through FOIA and disseminates its reports and other products, such as fact sheets, via publications, its website, and various newsletters. It also contributes to and maintains four active blogs, including the Citizen Vox Blog, available at <http://www.citizenvox.org>. As these facts demonstrate, Public Citizen qualifies as a representative of the news media because it “gathers information of potential interest to a segment of the public, uses its editorial skills to turn the raw materials into a distinct work, and distributes that work to an audience.” 5 U.S.C. § 552(a)(4)(A)(ii).

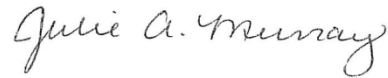
* * *

Accordingly, I request that you waive all fees for locating and duplicating the requested records. If, however, a waiver is not granted, please advise me of the amount of any proposed search, review, and reproduction charges before you conduct any of those activities.

I expect a response within 20 working days as provided by law. 5 U.S.C. § 552(a)(6)(A). If you have any questions regarding this request, please contact me by phone at (202) 588-1000 or by e-mail at jmurray@citizen.org.

Thank you very much for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Julie A. Murray".

Julie Murray
Attorney for Public Citizen, Inc.

Appendix 2

Business Operations Change Request Form

As Of: 12/18/14 12:39:49PM

Administrative Information

CR: 2875

Drafted: 10/28/14 9:55:43AM

Submitted: 11/3/14 11:45:52AM

Title: TEACH Grants Incorrectly Converted - PHASE 1

Sponsor: Debbe Johnson

Business Analyst: Jose Gonzalez

Anticipated Implementation Date: 01/01/2015

Change Request Details

Reason (Business Need):

There is a population of TEACH Grant recipients where Xerox incorrectly converted their TEACH Grants to loans. The recipients suspected to have had their TEACH Grants incorrectly converted to loans for the reasons listed below should be contacted and provided the option to have their loan converted back to a grant.

Description (Requirements):

PHEAA shall onboard all existing, active TEACH Loans that are not already serviced by the TEACH Grant servicer except those being held by TPD or DMCS. As part of the transfer process, PHEAA will send the standard Welcome letter that it sends to all transferred borrowers to all on-boarded TEACH Loan borrowers.

Thereafter (or concurrently), FSA will provide PHEAA with the following NSLDS data elements for all TEACH Loans (including those not currently active and those still being held by TPD or DMCS) to evaluate for potential grant-to-loan conversions in error:

- 1. Award ID
- 2. Student Number
- 3. Student Sequence Number
- 4. Grant Date
- 5. Loan Date
- 6. Grant Amount
- 7. Disbursement Amount
- 8. School Code
- 9. Award Year
- 10. Grade Level
- 11. Current Grant Status
- 12. Current Grant Status Date
- 13. Current Servicer
- 14. Current Loan Status
- 15. Valid Grace Date
- 16. Invalid Grace Start Date
- 17. Graduation Effective Date
- 18. Withdrawal Date
- 19. Most Recent Enrollment Type
- 20. Most Recent Enrollment Effective Date

Following FSA's delivery of the appropriate data elements, PHEAA shall review all TEACH Loan data to identify grants suspected as converted in error for one the following reasons:

- 1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received
- 2. Converted in advance of separation from the school for which the TEACH Grant was received
- 3. Converted within 120 days of their withdraw from the school for which the TEACH Grant was received
- 4. Converted within 120 days of their original withdraw date for withdrawn recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels)

ADDITIONAL INFORMATION:

After the completion of Phase I, Phase II (under separate CR cover) will consist of:

- A communication plan to contact the potentially affected TEACH Grant recipients/borrowers providing them an opportunity to have their grants reinstated if eligible.
- A rebuild process that will include but is not limited to:
 - o Converting loans back to grants
 - o Redistributing or refunding applicable payments
 - o Correcting credit bureau and NSLDS reporting

Does this change require a new network connection
(Secure File Transfer Protocol is mandatory for all new connections)? No

IST Anticipated/Post-Implementation Validation: No

FSA Service/System/Area Impacted

TEACH

Validation - Artifacts and Corresponding Requirement IDs (Required for Services)

Report listing borrowers suspected as converted incorrectly who will receive communications on FSA letterhead

Artifacts Due Date: 12/08/2014

TEACH GRANT CLEAN UP PROJECT Project Scope Statement

Project Name: TEACH Grant Clean Up
Department: Operations Services – Servicer Liaison Team
Project Manager: Debbe Johnson
Date: 10-25-17

Background

There is a population of TEACH Grant recipients that Xerox incorrectly converted TEACH Grants to loans. The recipients suspected to have had their TEACH Grants incorrectly converted to loans for the reasons listed below will be contacted and provided the option to have their loan(s) converted back to grant(s).

Reasons for the improper conversion are:

1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received.
2. Converted in advance of separation from the school for which the TEACH Grant was received.
3. Converted within 120 days of their withdrawal from the school for which the TEACH Grant was received.
4. Converted within 120 days of their original withdraw date for withdrawn recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels).

FSA will provide FedLoan Servicing with the data required to identify the population of borrowers. Once identified, FedLoan Servicing will send communications to the impacted TEACH Grant recipients/borrowers to provide the opportunity to have their TEACH Grants reinstated. For those that reply, FedLoan Servicing will rebuild the TEACH Grant record (using data again provided by FSA) and eliminate the incorrectly created TEACH Loan.

Project Objectives

- Transfer all active TEACH loans to FedLoan Servicing so all TEACH loans are now serviced by the TEACH loan servicer, FedLoan Servicing where any incorrectly converted grants can be identified.
- Identify all incorrectly converted grants.
- Send specific communications to these identified recipients for further action.
- Work with those recipients to ensure only eligible grants get re-converted.
- Re-convert eligible TEACH Grants and rebuild grant history and eliminate loan information.

Deliverables

- Correct all previously incorrectly converted loans back to grants if eligible.

Milestones

Write three CR's – Phase I and Phase II and Phase III. Original CR written 09/25/14. COMPLETED.

- Split CR due to ROM considerations in December. Rewrote Phase I (12/18/14.) Writing Phase II CR (01/15.) COMPLETED.
- Rewriting Phase II for cost purposes. (02/04/15). COMPLETED.
- Writing new Phase II for cost purposes. (02/09/15) COMPLETED.
- Rewriting New Phase II due to change in process. (02/13/15) COMPLETED.
- Phase III CR 3002 written. This CR was managed through a Contract Modification. (03/13/15).
- Contract Modification end date (03/19/15.) Mod end date December 2017. COMPLETED.
- Transfer all active TEACH loans to FedLoan Servicing. (12/23/14.) COMPLETED.
- FedLoan will on-board all transferred loans to their system. (12/30/14.) COMPLETED.
- FSA will provide NSLDS data elements to FedLoan Servicing to identify the affected grants. (12/31/14.) COMPLETED.
- FedLoan Servicing will review provided NSLDS data against the data on their system and identify the affected grants. (01/09/15.) DELAYED DUE TO FEDLOAN DATA REVIEW UNTIL 01/23/15. COMPLETED.
- FedLoan to provide FSA with information on identified grants. FedLoan will also need to complete Impact Analysis for Phase II of CR. (01/16/15.) DELAYED DUE TO FEDLOAN DATA REVIEW UNTIL 01/26/15. (COMPLETED.)
- New Phase II CR sent to FedLoan for Impact Analysis. 02/09/15 (COMPLETED.) FedLoan's IA due 02/10/15. (COMPLETED.) Also provided timeline completion dates for updated work-plan including Phase III.
- New Phase II CR sent to FedLoan for Impact Analysis. 02/17/15 (COMPLETED.) FedLoan's new IA has been delayed due to changes made in Communication plan that could potentially be programming changes for FedLoan. Communication second review has been delayed due to Neg Reg until 02/27/15. IA will be returned after Communication review. New IA received 02/26/15. Requested combined IA and proposal. Received 02/27/15. Approved by FSA 02/27/15. Waiting on final communication review. 03/26/15. Final Communication review – completed for first letter 03/30/15. Email follow up approval completed 04/06/15. One final change to reject letter needed by FSA. 04/16/15 COMPLETED.
- CR 3002(Phase III) has been approved but waiting on funding approval. Sent to Funding 03/02/15. Waiting on funding approval. Funding approved 04/14/15. COMPLETED.
- Transfer of any additional active TEACH loans to FedLoan Servicing by servicers (03/25/15.) This is due in part to DMCS rehabbing borrowers and sending to servicers whether they have TEACH loans or not. Workaround being proposed to have DMCS send a list of any rehabbed D8 borrowers to FedLoan Servicing to recall them going forward. All loans were transferred to FedLoan 03/26/15.) COMPLETED. First recall transfer completed 04/15/15. COMPLETED.
- FedLoan to communicate with affected recipients through mail, email and phone. (03/24/15.) This is delayed due to final communication review needed by FSA and also due to the delay of approval of newly rewritten Phase II CR 2963. Communication for all groups completed. COMPLETED.
- FedLoan will re-convert eligible TEACH Grants and rebuild the TEACH Grant records (using data again provided by FSA) and eliminate the incorrectly created TEACH Loan. STILL IN PROCESS. Began grant rebuilds on 04/30/15 and are working on final rebuilds (from consolidation loans).
- Risk population list provided to FSA on 06/10/15. FSA pulled contact information and sent to FedLoan on 06/16/15. COMPLETED.
- Complete final conversions (which require removal of TEACH loans from consolidation and financial transactions to be reversed) of last phase of TEACH Grant disputes. Currently, there are 183 borrowers with 322 sequences to be converted/rebuilt. COMPLETED.

**TEACH GRANT CLEAN UP PROJECT
WORK PLAN**

| Activity | Task | Assignee | Proposed Timeframe | Completion Date | Notes |
|--|---|----------|-----------------------|-----------------|-----------|
| PHASE I -- Transfer of all active TEACH borrowers to FedLoan and data review of all TEACH loans to identify population converted in error.* | | | | | |
| 1.0 | FSA Initiates the conversion of 1119 Teach Loans to FedLoan from other servicers (leaving those at TPD and D | FSA | 12/23/2014 | 12/23/2014 | Completed |
| | 1.1 TEACH Servicer will receive and evaluate incoming files | FedLoan | 12/23/14 - 12/30/14 | 12/30/2014 | Completed |
| | 1.2 TEACH Servicer will work with other servicers to clean-up any data concerns | FedLoan | 12/23/14 - 12/30/14 | 12/30/2014 | Completed |
| | 1.3 TEACH Servicer releases TEACH Loans for servicing | FedLoan | 12/30/2014 | 12/30/2014 | Completed |
| | 1.4 FedLoan sends TEACH Borrower Welcome | FedLoan | 1/2/2015 | 1/2/2015 | Completed |
| 2.0 | FSA Provides NSLDS Requested NSLDS Data | FSA | 12/31/2014 | 12/31/2014 | Completed |
| | 2.1 TEACH Servicer evaluates received data for potential conversions in error | FedLoan | 12/31/2014 - 1/9/2015 | 1/9/2015 | Completed |
| | 2.2 TEACH Servicer identifies anomalies/data concerns and compares to system data | FedLoan | 1/12/2015 | 1/12/2015 | Completed |
| | 2.3 TEACH Servicer identifies population and suspected to be converted in error and provides preliminary #'s to FSA | FedLoan | 01/12/15 - 01/16/2015 | 1/13/2015 | Completed |
| | 2.4 TEACH Servicer performs QA on suspected population converted in error | FedLoan | 1/23/2015 | 1/23/2015 | Completed |
| | 2.5 TEACH Servicer sends final population count information to FSA after QA is performed | FedLoan | 1/23/2015 | 1/23/2015 | Completed |
| | 2.6 Evaluate/compare populations against disputes and incoming disputes | FedLoan | 01/16/15 and ongoing | 1/23/2015 | Completed |
| | 2.7 Provide risk lists/categorization to FSA for 'risk' populations (PIF, etc.) where final status occurred @ ACS | FedLoan | 1/26/2015 | 2/12/2015 | Completed |
| ITEMS TO BE COMPLETED BETWEEN/DURING PHASE I AND PHASE II | | | | | |
| 3.0 | CR Phase II created and approved | FSA | 2/1/2015 | | |
| | 3.1 Create new Phase II CR | FSA | 1/8/2015 | 1/9/2015 | Completed |
| | 3.2 Have assessment meeting with FSA staff | FSA | 1/12/2015 | 1/9/2015 | Completed |
| | 3.3 Send to Contracts to send to TEACH Servicer for Impact Analysis | FSA | 1/12/2015 | 1/9/2015 | Completed |
| | 3.4 Receive IA back from TEACH Servicer | FedLoan | 1/13/2015 | 1/13/2015 | Completed |

**TEACH GRANT CLEAN UP PROJECT
WORK PLAN**

| | | | | |
|---|-------------|-----------|-----------|--|
| 3.5 Review and approve IA | FSA | 1/14/2015 | 3/12/2015 | Completed Unable to complete as the Impact Analysis provided includes a new methodology of cost -- 479.25 hours plus 1.5 hours for each loan converted back to a grant. Sending to Contracts to review and approve when new numbers from FedLoan on the data correction are received which is now due on 01/23/15. IA resent 01/23/15 with corrected assumptions though ROMs and cost methodology remain the same. Sent to CM and Contracts for final approval. Contracts has suggested splitting CR again into additional phase. Phase II will consist of communicating to the borrowers and Phase III will be the conversions. That way FedLoan can provide a final cost for the conversions. DJ and FedLoan working on rewrite of CR 2875 (Phase II) and writing Phase III CR. Phase II sent to FedLoan 02/09/15 and expecting IA's 02/11/15. DJ completed Phase II CR write up and submitted to BOCM on 02/09/15. New rewrite of Phase II CR resubmitted on 02/12/15 to remove the 50 grant rebuilds and to include the staggering of the communication to the affected borrowers. Have requested an IA and approval 02/12/15 with quick turnaround. BA sent to Contracts on 02/13/15 and revised CR went to FedLoan on 02/17/15 for revised IA and approval due 02/19/15. Due to questions about the potential of some systematic changes needed for some of the Communication items, this has been delayed until 02/26/15. Received revised IA back from FedLoan 02/26/15. Requested combined IA and proposal. FedLoan resent on 02/27/15. Approved by FSA Ops staff 02/27/15. Went to Contracts and now in for funding approval on 03/02/15. 03/05/15: No approval yet from funding. 03/12/15 -- Funding approved. |
| 3.6 Provide approval to TEACH Servicer to begin work on Phase II | FSA | 1/15/2015 | 3/12/2015 | Completed. Unable to complete due to the preliminary data provided in the IA from FedLoan was miscalculated. Received new error conversion estimated from FedLoan on 01/26/15. After receipt of new IA, Contracts reviewed and decided to split Phase II CR into two CR's. Phase II rewrite completed and submitted to CM on 02/05/15. CR sent to Contracts on 02/09/15 and sent to FedLoan for revised IA. 02/13/15 -- Newest Phase II CR revision sent to FedLoan on 02/13/15. See 3.5 above. |
| 4.0 Communication Plan Discussions (Preliminary) | FSA | | | |
| 4.1 Schedule meeting for internal discussions for communication plan | FSA | 1/12/2015 | 1/9/2015 | Completed |
| 4.2 Agree upon communication types and timeline for communication from TEACH Servicer | FSA | 1/13/2015 | 1/13/2015 | Completed |
| 4.3 Begin preliminary discussions with TEACH Servicer about communication plan | FSA/FedLoan | 1/14/2015 | 1/13/2015 | Completed |
| 4.4 Include language in Phase II for CR | FSA | 1/9/2015 | 1/9/2015 | Completed |

**TEACH GRANT CLEAN UP PROJECT
WORK PLAN**

| | | | | | |
|---|---|-------------|----------------------|------------|---|
| 4.5 | Work with TEACH Servicer to complete standard communication approval | FSA/FedLoan | 02/01/15 - 2/13/2015 | 4/16/2015 | Completed External Communication plans to start prior to 02/01/15 to work with FedLoan on communication drafts in order to attempt to stay on timeline track due to adding the need to receive approval from OGC and OUS. EC requested drafts of communications from FedLoan 01/20/15. Received draft communications from FedLoan on 01/23/15. FSA reviewing and plans to send to FedLoan on 02/04/15. Communications approved by Jana on 02/06/15. Waiting on OUS approval before sending to FedLoan Servicing. Sent bullet points to Jana on 02/09/15 for John Kane to review. Approved by Jana and OUS 02/10/15. Sent to FedLoan to make changes on 02/10/15. Newest communications due 02/19/15. Received 02/19/15 with changes made and more revisions needed. Newest changes are currently being reviewed by PLI but delayed due to Neg Reg until 02/27/15. Reviewed and resent to FedLoan on 03/02/15. Received final versions for review by FedLoan. FSA is currently reviewing and are to provide comment by 03/26/15. Approved first letter on 03/26/15. FedLoan responded with email changes and reject letter changes. Email changes approved by FSA on 04/03/15. Final reject letter approved by FSA on 04/16/15. |
| 4.5.1 | Include OPE and OUS in the approval process | FSA | 02/01/15 - 2/13/2015 | 2/10/2015 | Completed Check with Jana, PM and PLI to see who is providing to OUS for approval. Jana working with John Kane for approval. OUS approval 02-10/15. |
| 4.6 | Provide FSA Letterhead to TEACH Servicer for risk population communication | FSA | 02/01/15 - 2/13/2015 | 2/13/2015 | Completed External Communications will provide letterhead to FedLoan prior to communications being sent. |
| 5.0 Guidance for converted TEACH loans | | FSA | | | |
| 5.1 | Schedule meeting with PLI and TEACH Servicer to discuss potential scenarios of incorrectly converted grants | FSA | 1/12/2015 | 1/12/2015 | Completed |
| 5.2 | PLI to work with OGC and OPE to provide guidance for scenarios identified | FSA | 1/23/2015 | 1/23/2015 | Completed Final Meeting with FedLoan and PLI to discuss scenarios. Jon Utz will now provide by 01/28/15. Final guidance provided. |
| 5.3 | PLI to provide written guidance to TEACH Servicer in order to begin to make corrections | FSA | 1/28/2015 | 1/28/2015 | Completed Sent to FedLoan for review and comment. Received comments back from FedLoan on 02/13/15. PLI reviewed. |
| 5.4 | Decisions needed on what items will be handled by FSA on a case by case basis | FSA | 1/28/2015 | 1/28/2015 | Completed |
| 6.0 COD data for TEACH Grant rebuilds | | FSA | | | |
| 6.1 | Communicate with Wendy Jerreld to request data from Accenture | FSA | 1/7/2015 | 1/7/2015 | Completed |
| 6.2 | Provide fields to Wendy for data dump | FSA | 1/7/2015 | 1/7/2015 | Completed |
| 6.3 | Add a service request for the data dump to be completed prior to 03/01/15 | FSA | 1/7/2015 | 1/7/2015 | Completed |
| 6.4 | Status update on Accenture's ability to provide data in a timely fashion | FSA | 2/6/2015 | 1/14/2015 | Completed |
| 6.5 | Send data to Teach Servicer | FSA | 2/6/2015 | 1/28/2015 | Completed |
| 7.0 NSLDS Data for TEACH Grant rebuilds | | FSA | | | |
| 7.1 | Communicate with Steve Hitchcock to pull data from NSLDS | FSA | 1/16/2015 | 1/16/2015 | Completed |
| 7.2 | Provide fields to Steve for data dump | FSA | 1/16/2015 | 1/16/2015 | Completed |
| 7.3 | Send data to TEACH Servicer | FSA | 2/6/2015 | 12/31/2014 | Completed. Data was actually sent with the Phase I data sent on 12/31/14. |
| 8.0 TEACH conversions at DMCS | | FSA | | | |

**TEACH GRANT CLEAN UP PROJECT
WORK PLAN**

| | | | | | |
|---|---|---------|--------------------|----------------|---|
| 8.1 | Schedule meeting with Dwight to discuss issue of potential collection issues for PCA's | FSA | 1/13/2015 | 1/14/2015 | Completed Had meeting with Dwight and Mike Bryant. When the list is received of those affected defaulted borrowers, the PCA's will discontinue any collection calls until they are notified that the borrower did not respond or that they are needed to be transferred to FedLoan for conversion. Completed. It was later decided that discontinuing of collection efforts may be harmful to the borrowers who rely on those monthly calls to remind them to make their monthly payments during rehab. We do not wish to disrupt rehab efforts, so no changes will be made with these borrowers. |
| 8.2 | FedLoan will identify active and inactive TEACH Loans that were/at DMCS that had improper conversion | FedLoan | 1/26/2015 | 1/26/2015 | Completed |
| 8.3 | Provide list and number of incorrectly converted TEACH grants to Dwight/PCA's | FSA | 5/1/2015 | N/A | No longer needed as no change in collection efforts will be needed. N/A. |
| 8.4 | Dwight/PCA's need to create scripting for handling these potentially incorrectly converted TEACH grants. | FSA | 2/3/2015 | N/A | No scripting needed as PCA's will not stop collections calls on these potentially affected borrowers for 60 days. |
| 8.5 | Scripting and training completed for PCA's | FSA | 2/13/2015 | N/A | No scripting needed as PCA's will not stop collections calls on these potentially affected borrowers for 60 days. |
| 8.6 | FedLoan will contact these borrowers and provide them a 30 day window to respond | FedLoan | 5/19/2015 | N/A | No longer needed as no change in collection efforts will be needed. N/A. |
| 8.7 | DMCS (PCA's) will discontinue collection calls to those not in an active rehab for 60 days (start date = day FedLoan/FSA communication is sent to affected borrowers) | FSA | 5/19/2015 | N/A | No longer needed as no change in collection efforts will be needed. N/A. |
| 8.8 | All those borrowers considered ineligible or did not respond will have collection calls restarted | FSA | 7/19/2015 | N/A | No longer needed as no change in collection efforts will be needed. N/A. |
| PHASE II -- TEACH Servicer Staff Training, Communication Efforts | | | Begin by 2/23/2015 | Began 04/02/15 | Completed Delayed due to Communication notices review and revised IA. Also delayed due to approval process for Phase II CR as of 03/05/15. Phase II CR was approved. First letter to borrower was approved by FSA on 03/26/15. First letter to first segment sent on 04/02/15. |
| 9.0 | TEACH Servicer creates and administers training (1 hour of training for 8 business days, using current staffin | FedLoan | 3/9/2015 | 3/20/2015 | Completed Delayed due to delay in approval of CR 2963 -- Phase II. |
| 9.1 | Tracking mechanism for incoming calls (part of training) | FedLoan | 3/9/2015 | 3/20/2015 | Completed |
| 9.2 | TEACH Servicer establishes new call in number for return calls in 4.0 Communications | FedLoan | 3/9/2015 | 3/20/2015 | Completed |
| 10.0 | TEACH Servicer Communicates with error populations suspected** | FedLoan | 3/23/2015 | | |
| 10.1 | TEACH Servicer communicates with TEACH borrowers that error is identified (Letter sent) 30 day response period. | FedLoan | 3/24/2015 | Began 04/01/15 | Completed |
| 10.1.1 | TEACH Servicer will communicate with the first set (25%) of the TEACH Borrowers that error is identified (Letter sent) 30 day response period. | FedLoan | 3/24/2015 | 4/1/2015 | Completed |

**TEACH GRANT CLEAN UP PROJECT
WORK PLAN**

| | | | | |
|--|---------|-----------|----------------|---|
| 10.1.2 TEACH Servicer will communicate with the second set (25%) of the TEACH Borrowers that error is identified (Letter sent) 30 day response period. | FedLoan | 6/1/2015 | 6/8/2015 | Completed |
| 10.1.3 TEACH Servicer will communicate with the third set (25%) of the TEACH Borrowers that error is identified (Letter sent) 30 day response period. | FedLoan | 7/15/2015 | | Completed Instead of being on a rigid schedule to send out additional segments, it was decided that FedLoan would work Segment #1 (first 25%), providing updates to FSA along the way, tally all responses and then provide FSA with recommended timeframe for next segment. We wish to avoid a backlog of grant recipients waiting for their grants to be rebuilt. Will work with FedLoan on timeline as we asset FedLoan's ability to convert loans back to grants. They have committed to reconverting ~150 grants per week with 7 FTE's dedicated to this process. |
| 10.1.4 TEACH Servicer will communicate with the fourth set (25%) of the TEACH Borrowers that error is identified (Letter sent) 30 day response period. | FedLoan | 8/30/2015 | | Completed Instead of being on a rigid schedule to send out additional segments, it was decided that FedLoan would work Segment #1 (first 25%), providing updates to FSA along the way, tally all responses and then provide FSA with recommended timeframe for next segment. We wish to avoid a backlog of grant recipients waiting for their grants to be rebuilt. Will work with FedLoan on timeline as we asset FedLoan's ability to convert loans back to grants. They have committed to reconverting ~150 grants per week with 7 FTE's dedicated to this process. |
| 10.2 TEACH Servicer reminds TEACH borrowers that error is identified (email sent after 15 days of letter sent). | FedLoan | 4/8/2015 | Began 04/15/15 | |
| 10.2.1 TEACH Servicer reminds the first set (25%) of TEACH borrowers identified (email sent after 15 days of letter sent.) | FedLoan | 4/8/2015 | 4/15/2015 | Completed |
| 10.2.2 TEACH Servicer reminds the second set (25%) of TEACH borrowers identified (email sent after 15 days of letter sent.) | FedLoan | 6/15/2015 | 6/22/2015 | Completed |
| 10.2.3 TEACH Servicer reminds the third set (25%) of TEACH borrowers identified (email sent after 15 days of letter sent.) | FedLoan | 7/30/2015 | | Completed Instead of being on a rigid schedule to send out additional segments communication, it was decided that FedLoan would work Segment #1 (first 25%), providing updates to FSA along the way, tally all responses and then provide FSA with recommended timeframe. |
| 10.2.4 TEACH Servicer reminds the fourth set (25%) of TEACH borrowers identified (email sent after 15 days of letter sent.) | FedLoan | 9/15/2015 | | Completed Instead of being on a rigid schedule to send out additional segments communication, it was decided that FedLoan would work Segment #1 (first 25%), providing updates to FSA along the way, tally all responses and then provide FSA with recommended timeframe. |

**TEACH GRANT CLEAN UP PROJECT
WORK PLAN**

| | | | | | |
|---|--|---------|---------------------|-----------------|---|
| 10.3 | TEACH Servicer tracks/monitors incoming requests for grant rebuilds | FedLoan | Beginning 4/23/2015 | Began 04/16/15 | Completed Received first request 04/07/15. First 25% segment is complete. 445 recipients have requested rebuild (out of 1980 recipients contacted.) 22.48% response rate. As of 06/04/15, FedLoan has received 82 calls, initiated 443 rebuilds (borrower level) and have completed 75 borrower rebuilds. As of 06/16/15, FedLoan has received 97 calls, initiated 443 rebuilds (borrower level) and have completed 157 borrower rebuilds. |
| Phase III -- TEACH Servicer Conversion/Rebuild of Loans Back to Grants | | | 03/24/15 - 12/31/17 | Funding approve | Completed, approved and accepted. The cost of this phase will be handled through a MOD to the Contract being created by Karen Gibson. The Contract Modification was written and approved after Phase II CR was approved for funding. |
| 12.0 | TEACH Servicer Reinstate/Rebuilds grants for populations contacting in 10.0 | FedLoan | | Began 04/30/15 | Completed Started rebuilds on 04/30/15. |
| 12.1 | FSA provides necessary COD and NSLDS Data for grant rebuilds. | FSA | 3/3/2015 | 1/28/2015 | Completed |
| 12.1 | TEACH Servicer manages payments and payment refund processes | FedLoan | 4/30/2015 | | Completed |
| 12.2 | TEACH Servicer performs system data changes to reinstate grants | FedLoan | 4/30/2015 | | Completed |
| 12.3 | TEACH Servicer releases TEACH Grants to servicing system | FedLoan | 4/30/2015 | | Completed |
| 12.4 | TEACH Servicer processes historical and incoming certification (and other) forms | FedLoan | Ongoing | | Completed |
| 12.5 | TEACH Servicer responds to incoming inquiries for all rebuilds. | FedLoan | Ongoing | | Completed |

* Includes review of risk population of Death, Discharged, PIF, Consolidated, and Cancelled.

** Includes risk population communication though that population will receive communication on FSA Letterhead as no previous FedLoan affiliation.



TEACH Grant Servicing
FedLoan Program Management
Phone: 717-720-1518 Fax: 717-720-3103

CR 2875

TEACH Grant Conversions in Error Findings

Through FSA CR 2875, PHEAA on-boarded all existing, active TEACH Loans that were not already serviced by them as the TEACH Grant servicer (except those being held by TPD or DMCS).

FSA also provided PHEAA with NSLDS data elements for all TEACH Loans (including those not currently active and those still being held by TPD or DMCS) to evaluate for potential grant-to-loan conversions in error.

Following FSA's delivery of the appropriate data elements, PHEAA began to review all TEACH Loan data to identify grants suspected as converted in error for one the reasons listed below:

1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received
2. Converted in advance of separation from the school for which the TEACH Grant was received
3. Converted within 120 days of their withdraw from the school for which the TEACH Grant was received
4. Converted after their original withdraw date, but had another TEACH Grant disbursed within 120 days of that withdraw date

After analysis of the data, PHEAA finds that **15,927 TEACH Grants** for **10,776 TEACH Grant recipients** may have been converted in error (based on the above criteria) by the prior TEACH Grant Servicer (as detailed below).

Total Suspected TEACH Grant Conversions in Error

| | |
|---|--------|
| TEACH Grants Converted in Error | 15,927 |
| TEACH Grant Recipients with Grants Converted in Error | 10,776 |

Detailed Findings

| TEACH Grant Details | | |
|--|---------------|------------|
| Result | Total | % |
| Converted in Error – Converted within 120 Days of Withdraw Date | 1,032 | 2.5% |
| No Identified Errors in Conversion | 24,115 | 57.6% |
| Converted in Error – Converted after withdraw, but received a subsequent TEACH Grant disbursement before grant-to-loan conversion date | 143 | 0.3% |
| Converted in Error – Converted while enrolled | 5,982 | 14.3% |
| Converted in Error – Converted within 1 year of Graduation Date | 8,770 | 21.0% |
| No Identified Errors, but Unknown Separation or Grant-to-Loan Conversion Date | 1,793 | 4.3% |
| Total Grants Evaluated (Converted to Loans by Prior TEACH Grant Servicer): | 41,835* | |
| Total TEACH Grants Converted to Loans in Error by Prior TEACH Grant Servicer | 15,927 | 38% |

*78,476 records containing student numbers were received for review. PHEAA determined the above population based on TEACH Grants converted to loans in advance of 10/04/13 (when PHEAA began performing grant-to-loan conversions). This population also excludes TEACH Grant-to-Loan conversions performed by the previous TEACH Grant Servicer that PHEAA has already reviewed through the dispute process.

| TEACH Grant Recipient Details | | |
|--|---------------|------------|
| Result | Total | % |
| Converted in Error – Converted within 120 Days of Withdraw Date | 753 | 2.6% |
| No Identified Errors in Conversion | 16,554 | 57.5% |
| Converted in Error – Converted after withdraw, but received a subsequent TEACH Grant disbursement before grant-to-loan conversion date | 56 | 0.2% |
| Converted in Error – Converted while enrolled | 4,424 | 15.4% |
| Converted in Error – Converted within 1 year of Graduation Date | 5,543 | 19.2% |
| No Identified Errors, but Unknown Separation or Grant-to-Loan Conversion Date | 1,478 | 5.1% |
| Total Grants Evaluated (Converted to Loans by Prior TEACH Grant Servicer): | 28,808 | |
| Total TEACH Grants Converted to Loans in Error by Prior TEACH Grant Servicer | 10,776 | 37% |

Primary Data Limitations

Conflicting Data

PHEAA was unable to determine Grant-to-Loan Conversions using status (LN) and invalid grace start date as planned. FSA provided guidance to use student number as an indication that a TEACH Grant was converted to a loan, so PHEAA based the evaluated population on the 41,835 TEACH Grants records that 1) contained a student number, 2) were converted to TEACH Loans before 10/04/13, and 3) were not previously reviewed for error through by PHEAA through the dispute (or other) processes.

Missing and Incomplete Data

PHEAA notes several concerns with the received data, including 1,793 TEACH Grant records for which Separation Dates and Grant-to-Loan Conversion dates cannot be determined. Based on review of a small sample of these records, PHEAA does not believe that the records were converted in error, but instead believes that reporting was never completed before the records were subsequently paid in full. While we do not believe the grant-to-loan conversions were performed in error for these recipients, we do note the inability to confirm this definitely.

TEACH Grant Re-enrollment Scenarios

In some records, PHEAA found that the most recent Graduated or Withdraw date was provided for evaluation (rather than earliest). Please note that most recent enrollment type and effective date were requested, but Graduated and Withdraw Dates were not specifically noted as earliest or most recent in discussions related to data.

PHEAA believes that re-enrollment following a withdraw or graduation date alone is not enough to prevent the recipient's service obligation from beginning, so only subsequent disbursements should be considered when evaluating conversions in error (item 4 above), and enrollment following Graduation or Withdraw dates is irrelevant – but it is unclear if the prior TEACH Grant Servicer was operating under this guidance as PHEAA has only recently explored the concept with FSA.

If earliest Graduation or Withdraw date can be used, PHEAA believes that some of the suspected in error population can be reduced, but may need additional data/criteria for consideration (namely earliest Graduation or Effective Date). We are available to discuss or provide an example at your request.

TEACH Disputes Trends

| Conversion Reason | Dispute Type | Total Calendar Days to Decision | | | | | | | Total |
|---|--------------|---------------------------------|--------------|------------|--------------|------------|------------|--------------|---------------|
| | | 0-10 | 11-30 | 31-60 | 61-90 | 91-120 | 121-150 | 151+ | |
| Converted Less Than 30 Days from Final Certification Request | Escalated | 12 | 2 | 5 | 6 | 9 | 6 | 23 | 63 |
| | Standard | 125 | 71 | 149 | 112 | 145 | 154 | 496 | 1,252 |
| Converted within One Year from Graduation Date | Escalated | 15 | 7 | 4 | 7 | 4 | 4 | 34 | 75 |
| | Standard | 291 | 88 | 65 | 66 | 45 | 48 | 570 | 1,173 |
| Did Not Respond Timely to Certification Requests | Escalated | 60 | 84 | 64 | 80 | 25 | 14 | 40 | 367 |
| | Standard | 1,374 | 439 | 244 | 576 | 119 | 109 | 818 | 3,679 |
| Grant Converted Prior to Cert Due Date (Sep Date Backdate) | Escalated | 3 | 1 | 1 | 0 | 1 | 1 | 4 | 11 |
| | Standard | 75 | 30 | 14 | 16 | 9 | 10 | 107 | 261 |
| Other | Escalated | 6 | 16 | 14 | 9 | 4 | 0 | 1 | 50 |
| | Standard | 65 | 207 | 44 | 48 | 20 | 10 | 19 | 413 |
| Pending Account Update | Escalated | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 2 |
| | Standard | 20 | 3 | 0 | 6 | 1 | 1 | 0 | 31 |
| Recipient Confusion/Servicing Error | Escalated | 23 | 19 | 22 | 28 | 9 | 13 | 56 | 170 |
| | Standard | 266 | 161 | 122 | 199 | 105 | 78 | 693 | 1,624 |
| Identified as conversion in error with prior servicer (ACS) - FSA CR 3002 | Escalated | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| | Standard | 1,589 | 61 | 19 | 2 | 1 | 0 | 0 | 1,672 |
| Recipient did not return reinstatement request - FSA CR 3002 | Escalated | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 2 |
| | Standard | 128 | 7 | 4 | 2 | 2 | 0 | 14 | 157 |
| Total Disputes by Type: | | 4,056 | 1,197 | 771 | 1,157 | 500 | 448 | 2,875 | 11,004 |

TEACH Disputes as of 09/07/2018

From: Hough, Jana
Sent: 2 May 2018 14:18:25 +0000
To: Pedersen, AnnMarie
Subject: FW: GAO-15-314 -TEACH Responses
Attachments: A1_TEACH_Initial Counseling.pdf, A2_TEACH_Exit Counseling.pdf, A3_Change Request 3188.docx, A4_Sample Letter 1_No NewGrant.pdf, A5_Sample Email_No NewGrant.pdf, A6_Sample Letter 2_No NewGrant.pdf, A7_Sample_Potential Interest.docx, A8_Susp Notice.docx, A9_PSLF and TLF - Welcome Letters.zip, A10_SCOPE STATEMENT FOR TEACH GRANT CLEAN UP PROJECT V.19-- 10-25-17.docx, A11_WORK PLAN DOCUMENT V27 10-25-17.xlsx, 2015FSAConfSession4.ppt, 2016FSAConfSession17- TEACH.ppt

Looks pretty much like the draft plus attachments

From: Hough, Jana
Sent: Thursday, April 12, 2018 2:34 PM
To: Magro, Tony
Subject: FW: GAO-15-314 -TEACH Responses

So here is a bunch of stuff to respond to this CAP.
 Let me know if we need more

(b)(5)

Response 1-1-2 – PW for the Zip file sent separately.

| Item # | Subject Area | Question | FSA Response | Attachments | Status |
|--------|--------------|---|--|---|-----------|
| 1-1-1 | TEACH Grant | Thank you for providing information on TEACH grant exit counseling. You also noted in your 2/15/18 response that, "The most impactful | To Students while in school: 1. FSA provides annual publications that include TEACH and introduce students to a high-level overview of the federal student aid programs: <ul style="list-style-type: none"> <i>Federal Student Aid at a Glance,</i> <i>Do You Need Money for College?</i> <i>The Guide to Federal Student Aid.</i> 2. On Studentloans.gov website, the TEACH Initial and Subsequent Counseling Guide is available to the public on the counseling landing page, https://studentloans.gov/myDirectLoan/launchTeach.action. The TEACH Exit Counseling Guide is on the NSLDS website but will soon move to Studentloans.gov as part of an upcoming release. | TEACH Counseling: A1 – Initial Counseling A2 – Exit Counseling | Completed |

| | | | | |
|--|---|--|--|--|
| | <p>time to reach a student about TEACH Grants is while they are students and trying to obtain college funding.”</p> <p>Please provide documentation of efforts to increase awareness of the TEACH grant during that time (i.e. when the students are trying to obtain college funding) or other efforts to target potential TEACH grant participants. For example, webinars, trainings, or additional information provided to</p> | <p>3. Through communication with in-school recipients who had no new grant in subsequent enrollment years, it was determined beneficial to maintain annual awareness of their obligation and options to stay in a grant status if they intended to teach, or request an early conversion if they don't plan to teach. In that way they have the option to pay the accrual interest while still in school as they can with any Direct Unsubsidized Loans that they might have. (See change order # 3188 and sample letters of awareness attached)</p> <p>4. PHEAA has a TEACH Grant (TG) requirement that requires the servicer to notify grant recipient at least quarterly about the amount of interest that has accrued on their TG disbursements and the obligation to repay that interest along with the amount disbursed if they fail to fulfill their teaching obligations.</p> <p>5. July 2016, PHEAA launched a quarterly campaign effort to inform grant recipients who may be eligible for an enrollment suspension or military suspension based on information on file.</p> <p>Outreach to Schools:</p> <ol style="list-style-type: none"> 1. PHEAA has informational and training webinars recorded on their website, <i>Through the 'View Event Recordings' link</i>. https://fedloanservicing.webex.com/mw3200/mywebex/default.do?siteurl=fedloanservicing in regards to their administration of the TEACH Grant program to participating schools, as well as those who may be interested in participating in the TEACH Grant Program. 2. In addition to the training sessions, PHEAA offers schools a TEACH toolkit, https://myfedloan.org/financial-aid-officers/products-tools/teach-toolkit, for use in increasing communication, education, and awareness of the program. All TEACH training and toolkit materials have been approved by FSA through the non-standard review process. 3. PHEAA also offers schools upon request a custom report to help in monitoring their TEACH portfolio. This has been considered valuable data in reporting grant-to-loan conversion rates specific to | <p><u>Awareness</u> <u>ss</u> <u>Communi</u> <u>cations:</u> A3 – Change Order 3188 A4 – Sample Letter A5 – Sample Letter A6 – Sample Letter</p> <p><u>Quarterly</u> <u>Interest</u> A7 – Sample Potential Interest</p> <p><u>Suspensi</u> <u>on</u> A8 – Sample Susp Notice</p> | |
|--|---|--|--|--|

| | | | | | |
|----------|--------------------------|--|--|---------------|-----------|
| | | financial aid administrators to help increase program awareness | <p>TEACH Grant recipients from their institution. This also allows institutions to take a 'default prevention approach' in ensuring the benefits of the TEACH Grant program for their population.</p> <p>4. PHEAA provided training at our annual Federal Student Aid conference in 2015 and 2016.</p> | | |
| 1.1.2 | Teacher Loan Forgiveness | Thank you for providing the change request that servicers include more information on Teacher Loan Forgiveness. Please provide documentation, such as screen shots or a sample of borrower correspondence, to demonstrate the information servicers are providing. | See attached examples of communications that reference Teacher Loan Forgiveness. | A9 - Zip File | Completed |
| 1.1.2(a) | Perkins Teacher Loan | Has Education taken any steps to raise | <p>Information regarding cancellations, forgiveness and discharge options can be found on the studentaid.ed.gov site.</p> <p>https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/charts</p> | N/A | Completed |

| | | | | | |
|-------|---------------------|--|--|-----------------------------|------------------|
| | Cancellation | awareness of the Perkins teacher loan cancellation program? | | | |
| 1-2-1 | TEACH Grant | Please provide copies for the forms when they are been cleared through the agency and are finalized. | Yes – FSA can provide forms once they have been cleared and are finalized. Currently, the forms are pending OGC review. Once OGC has provided their comments, final changes will be made prior to entering the forms into the clearance process. | N/A | Completed |
| 1-3-1 | TEACH Grant | On January 3 rd , you provided the TEACH Grant Project Scope Statement. The last item is not marked as completed, "Complete final conversions (which require removal of TEACH loans from consolidation and financial transactions to be | Attached is the final Scope document (version 19) dated 10-25-17. | A10 – Scope document | Completed |

| | | | | | |
|--|--|---|--|--|--|
| | | <p>reversed) of last phase of TEACH Grant disputes. Currently, there are 183 borrowers with 322 sequences to be converted /rebuilt.” Please provide evidence that this step was completed .</p> | | | |
|--|--|---|--|--|--|

| | | | | | |
|-------|-------------|---|--|-----|-----------|
| 1-3-1 | TEACH Grant | <p>Additionally, the project scope statement lists the following reasons for improper conversion :</p> <ol style="list-style-type: none"> 1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received. 2. Converted in advance of separation from the school for which | <p>To our knowledge, the scope of the clean-up project that FSA managed did not address the specific conditions outlined in the response GAO received from FedLoan. If this was a population identified by FedLoan - recommend that GAO clarify with FedLoan if this was an additional population or included as part of the multiple phase clean-up effort as outlined in the previous responses.</p> | N/A | Completed |
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recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels).

In our report, FedLoan provided us with information on other errors that also contributed to the 2,252 erroneous conversions: the recipient

| | | | | |
|--|--|--|--|--|
| | | <p>not given 30 days from final notificatio n to certify, the recipient did not understan d grant terms, the recipient was not given 45 days from first notificatio n to certify, and the grant converted to loan before certificatio n was due. Please clarify the extent to which these errors were also identified in the clean-up operations .</p> | | |
|--|--|--|--|--|

| | | | | | |
|-------|-------------|--|--|-----|-----------|
| 1-4-2 | TEACH Grant | <p>On January 3rd, you provided a link and a screen shot to the TEACH grant FAQ on FedLoan's website.</p> <p>The information on the website does not include the additional information provided to TEACH Grants in their correspondence when the grant converts to a loan (see below). Please provide documentation of the updated information on FedLoan's website.</p> | <p>A business decision made to place conversion text on the communication specific to that condition in order to message to the appropriate audience. Therefore, the messaging more detailed on the correspondence to provide clear and complete instruction regarding the steps the recipient could take should the servicer need to revisit the conversion decision.</p> | N/A | Completed |
|-------|-------------|--|--|-----|-----------|

From: Harris, Lisa L. (OCFO)
Sent: Tuesday, March 13, 2018 9:43 AM
To: Penberthy, Martha
Subject: GAO-15-314

Martha,

Here are some additional questions that GAO has for GAO-15-314.

Our staff have additional questions about the recs in GAO-15-314:

Recommendation 1:

1-1-1

- Thank you for providing information on TEACH grant exit counseling. You also noted in your 2/15/18 response that, "The most impactful time to reach a student about TEACH Grants is while they are students and trying to obtain college funding." Please provide documentation of efforts to increase awareness of the TEACH grant during that time (i.e. when the students are trying to obtain college funding) or other efforts to target potential TEACH grant participants. For example, webinars, trainings, or additional information provided to financial aid administrators to help increase program awareness.

1.1.2

- Thank you for providing the change request that servicers include more information on Teacher Loan Forgiveness. Please provide documentation, such as screen shots or a sample of borrower correspondence, to demonstrate the information servicers are providing.
- Has Education taken any steps to raise awareness of the Perkins teacher loan cancellation program?

Recommendation 3:

1-3-1

- On January 3rd, you provided the TEACH Grant Project Scope Statement. The last item is not marked as completed, "Complete final conversions (which require removal of TEACH loans from consolidation and financial transactions to be reversed) of last phase of TEACH Grant disputes. Currently, there are 183 borrowers with 322 sequences to be converted/rebuilt." Please provide evidence that this step was completed.
- Additionally, the project scope statement lists the following reasons for improper conversion:
 1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received.
 2. Converted in advance of separation from the school for which the TEACH Grant was received.

3. Converted within 120 days of their withdrawal from the school for which the TEACH Grant was received.
 4. Converted within 120 days of their original withdraw date for withdrawn recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels).
- In our report, FedLoan provided us with information on other errors that also contributed to the 2,252 erroneous conversions: the recipient not given 30 days from final notification to certify, the recipient did not understand grant terms, the recipient was not given 45 days from first notification to certify, and the grant converted to loan before certification was due. Please clarify the extent to which these errors were also identified in the clean-up operations.

Recommendation 4:

1-4-2

- On January 3rd, you provided a link and a screen shot to the TEACH grant FAQ on FedLoan's website. The information on the website does not include the additional information provided to TEACH Grants in their correspondence when the grant converts to a loan (see below). Please provide documentation of the updated information on FedLoan's website:

Website:

"My grants were converted to student loans. How can I change them back to grants?"

As explained in your Agreement to Serve, a TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be changed back to a grant.

If you believe that your grants were converted to loans in error, please [contact us](#)."

Correspondence:

If you have additional questions or believe your TEACH Grant converted to a loan due to a servicing error, visit **MyFedLoan.org/TEACH** for more information, or call us directly. Typically, a TEACH Grant that converts to a loan cannot be changed back to a TEACH Grant, but we can review your concerns if you met all of the program requirements outlined in your Agreement to Serve.

Personal difficulties and extenuating circumstances that prevented you from maintaining the program requirements are **not** valid reasons to request a review. Unfortunately, we cannot reinstate your TEACH Grant for these situations, but we can help you manage your student loans going forward.

Lisa L. Harris

Department of Education
Office of the Chief Financial Officer
Internal Controls & Operations Group
Potomac Center Plaza / Room 6040
(202)245-8433

Business Operations Change Request Form

As Of: 3/2/15 7:51:06AM

Administrative Information

CR: 3002

Drafted: 2/9/15 3:13:18PM

Submitted: 2/23/15 2:51:54PM

Title: TEACH Grants Incorrectly Converted PHASE III -- QUICK PACE

Sponsor: Debbe Johnson

Business Analyst: Jose Gonzalez

Anticipated Implementation Date: 04/13/2015

QUICK PACE

Change Request Details

Reason (Business Need):

There is a population of TEACH Grant recipients where Xerox incorrectly converted their TEACH Grants to loans. The recipients suspected to have had their TEACH Grants incorrectly converted to loans should be contacted and provided the option to have their loans converted back to grants.

For PHASE I, PHEAA has onboarded all existing active TEACH Loans that were not already serviced by the TEACH Grant servicer (except those being held by TPD or DMCS.) In addition, PHEAA has reviewed all TEACH Loan data to identify grants suspected as converted in error for one of the following reasons:

1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received
2. Converted in advance of separation from the school for which the TEACH Grant was received
3. Converted within 120 days of their withdraw from the school for which the TEACH Grant was received
4. Converted within 120 days of their original withdraw date for withdrawn recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels)

For PHASE II, PHEAA is sending specific communication to the identified recipients to take further action. PHEAA is working with those recipients who respond to ensure eligible grants get re-converted.

Description (Requirements):

PHASE III:

PHEAA will continue to work with those recipients who respond to ensure eligible grants get re converted. PHEAA will re convert eligible TEACH Grants and rebuild grant history.

1. PHEAA will adequately provide staff and administer training for these staff members to complete this needed work.
2. PHEAA will create a tracking mechanism to track these re converts and report to FSA.
3. PHEAA shall perform the necessary steps to redistribute and/or refund applicable payments, correct credit reporting, reinstate each grant record and write off the appropriate TEACH Loans.
4. PHEAA will reinstate/rebuild grants for identified and responsive population.

Please see attached work plan for more detail for this CR.

Does this change require a new network connection
(Secure File Transfer Protocol is mandatory for all new connections)? No

IST Anticipated/Post-Implementation Validation: No

FSA Service/System/Area Impacted

PHEAA

Validation - Artifacts and Corresponding Requirement IDs (Required for Services)








No artifacts are required.


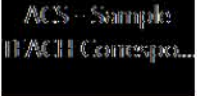
Artifacts Due Date: 04/10/2015

| | | |
|---------------------------------|------------------------------------|--|
| GAO Audit # 131283 | GAO Requestor: Rachel Beers | Response Provided by: Mark Walsh |
| Coordinator: Dawn Dawson | Date Requested: 08-13-14 | Date Provided: Document requests 1-3 to Karen. Remainder will be talking points for Jana and Sue. |
| Owner: Jana Hernandez | | |

| Question | <p><i>Grant to Loan Conversions</i></p> <p>1. To what extent does FSA collect information and evaluate the reasons why TEACH grants are converting to loans? How is this information used?</p> <p>a. According to an FSA written response, the reason most grantees don't certify is because they aren't eligible (93%) - either they did not complete their teaching obligation within the allotted time, or they are not teaching in a qualified field. Please provide documentation that supports this statement and any other reasons why grantees are failing to certify or not meeting the service requirements.</p> | | | | | | | | | | | | |
|------------------------|--|------------------------|----------|---------------|---------------------|-------|-------|--------------------|--------|-------|--|--------|--------|
| Answer | <p>1. There are only two reasons for TEACH grants to convert to loans:</p> <p>(1) the recipient fails to certify according to the Agreement to Serve.</p> <p>(2) Insufficient time remaining to complete the teaching obligation within the program timeline.</p> <p>a. The statement referred to was in the original interview questions dated 06-12-14 and pertained to trends as to why grants were converting to loans. <i>"Has Business Operations identified any trends for why grants are converting?"</i> As stated in (1) and (2) above there are only two reasons for converting a recipient's grant to a loan.</p> <p>In either case, the grant recipient does not complete certification requirements. The report that provided the 93% has been rerun (using the same data elements) but now reflects current information through 07-31-14. This report now shows that 88.3% of the time, the grant to loan conversion is servicer-initiated due to lack of, or untimely certification by the grant recipient. In the remaining cases (11.7%) the conversion to a loan is initiated by the grant recipient who contacted the servicer to request the conversion.</p> <table><tr><th>Conversion Description</th><th>ID Count</th><th>ID Percentage</th></tr><tr><td>Recipient Requested</td><td>2,267</td><td>11.7%</td></tr><tr><td>Servicer Initiated</td><td>17,066</td><td>88.3%</td></tr><tr><td></td><td>19,333</td><td>100.0%</td></tr></table> <p>FSA is unable to provide additional explanations for why grantees are failing to certify or meet the service requirements.</p> | Conversion Description | ID Count | ID Percentage | Recipient Requested | 2,267 | 11.7% | Servicer Initiated | 17,066 | 88.3% | | 19,333 | 100.0% |
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| | 19,333 | 100.0% | | | | | | | | | | | |
| Question | <p><i>Loan Conversion Reviews</i></p> <p>2. According to FedLoan, they reviewed over 2,700 loan conversions over the past year and most disputes were reconverted back to grants, including some that were converted by ACS.</p> <p>a. Why are so many grant to loan conversions currently under review and what prompted this review?</p> <p>b. How does this compare to the number of disputes and reconversions under ACS? Do you expect the number of disputes and reconversions to change in the future? Do you expect the number of disputes and reconversions to change in the future?</p> | | | | | | | | | | | | |
| Answer | <p>2. As of 08-08-14, FedLoan and FSA have reviewed 3,246 disputes. A total of 2,268 were approved for reconversion to grants and 978 disputes were denied.</p> <p>a. After the TEACH Grant portfolio transferred, FedLoan began converting grants to loans based on the data received. As a result of their system edits, quality assurance processes</p> | | | | | | | | | | | | |








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| | <p>and recipients contacting FedLoan after they received their conversion letter, a common thread was discovered, prompting FedLoan to conduct a manual review. This review uncovered grants which were incorrectly converted to loans outside the established program timeframes. The following conversion reasons were identified:</p> <ul style="list-style-type: none"> ▪ Grants were converted to loans within one year of graduation date ▪ Grants were converted prior to certification due date ▪ Grants were converted less than 30 days from final certification requests <p>b. Yes. FedLoan has a robust system with edits that should prevent grants from converting early or outside of the certification due dates. FSA therefore expects the number of disputes and reconversions to decrease in the future.</p> |
| Question | <p><i>Loan Conversion Reviews</i></p> <p>3. How many grant to loan conversions occurred under ACS and how many loans were transferred to other servicers (i.e. not currently being serviced by FedLoan)? What servicers received TEACH loans?</p> |
| Answer | <p>3. ACS converted ~ 44,000 TEACH Grant to loans. ~3,800 loans were converted from TEACH grants and are being serviced by servicers other than FedLoan. The other servicers who received TEACH loans are MOHELA, EdFinancial, CornerStone, Great Lakes, Nelnet, TPD, SLMA and DMCS.</p> |
| Question | <p><i>Loan Conversion Reviews</i></p> <p>4. FedLoan told us FSA broadened their authority in June to reconvert TEACH loans to grants. Please describe and provide documentation on this new authority.</p> <p>a. What was the impetus for this change and its effect on the process and number of reconversions?</p> |
| Answer | <p>4. The authority provided to FedLoan did not expand the reasons for approving reconversions. FSA only considered reconversion of loans back to grants due to servicing errors and we have specifically identified those servicing errors. FSA has granted FedLoan authority to review and determine the approval or denial of these specific conversions without additional FSA review.</p> <p>a. Implementation of this change provided for quicker resolution of disputes (one review instead of two) to benefit recipients. FedLoan refers any questionable disputes to FSA for careful review, including those that escalated, or were received through Ombudsman or Control Mail.</p> |
| Question | <p><i>Monitoring Servicer Error and Reconversions</i></p> <p>5. Does Education track and evaluate the number and reasons for reconversions (e.g. specific servicer error or other reasons)? How is this information used?</p> |
| Answer | <p>5. Disputes trends are tracked on weekly monitoring reports which are reviewed by FSA with FedLoan. If a new trend is discovered we analyze to find the root cause and review with FedLoan. An example of one of these trends would be a spike in the number of conversions or certifications received. One reason for a spike of this nature is that when grant recipients graduate, they tend to complete certifications immediately following the correspondence provided by the servicer. That information can be used for proper managing of staffing levels and call expectations at that time each year.</p> |
| Question | <p><i>Monitoring Servicer Error and Reconversions</i></p> <p>6. When did Education begin quarterly monitoring of the TEACH grant servicer? Please provide copies of the monitoring reports to date (you already provided a copy of the April-June 2014 report).</p> <p>a. Please describe and provide documentation of monitoring activities/evaluations related to ACS and FedLoan servicing of the TEACH grant program including issues identified and corrective action taken.</p> |
| Answer | <p>FSA began quarterly TEACH Grant monitoring in January 2013 (data from the first quarter of FY 2013 (October through December 2012). Due to the transition in servicing from ACS to FedLoan, monitoring was not conducted during the 4th Quarter of 2013. FedLoan monitoring began in October 2013.</p> |

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| | <p>1st Quarter</p> <p>FY 2013:</p>  <p>TEACH Quarterly Monitoring Report (A)</p> <p>2nd Quarter</p>  <p>5-30-13 TEACH Quarterly Monitoring</p> <p>3rd Quarter (2 files)</p>  <p>TEACH Quarterly Monitoring Report (A)</p>  <p>TEACH Quarterly Monitoring Report (A)</p> <p>4th Quarter (no monitoring)</p> |
| | <p>1st Quarter</p> <p>FY 2014:</p>  <p>TEACH Quarterly Monitoring Report (Fe</p> <p>2nd Quarter</p>  <p>TEACH Quarterly Monitoring Report (Fe</p> <p>3rd Quarter</p>  <p>TEACH Quarterly Monitoring Report (Fe</p> <p>4th Quarter (available Sept. 2014)</p> |
| | <p>DESCRIPTION OF QUARTERLY REVIEW:</p> <p>REVIEW OBJECTIVES:</p> <ol style="list-style-type: none"> 1. To ensure that each recipient has provided a signed agreement to serve for each year participating in the program. 2. To ensure that each recipient has provided documentation of the progress towards completing the service obligation. 3. To ensure that the suspension requests are accurately calculated. 4. To ensure that the discharge request for each recipient has been processed accordingly. 5. To ensure that the recipient's grant is converted to a loan appropriately. <p>STANDARDS:</p> <p>Statutory & Regulatory:</p> <p>The regulation governing Teacher Education Assistance for College and Higher Education is found at: TEACH Grants -- 34 CFR 686</p> <p>METHODOLOGY</p> <p>Sampling</p> <p>The Operations Services selected a sample of 30 accounts from the Teacher Education Assistance for College and Higher Education (TEACH) Program.</p> <p>Materials Requested</p> <p>We requested the following materials from FedLoan:</p> <ul style="list-style-type: none"> ▪ Copies of the Agreement to Serve for each year. ▪ Copies of the TEACH Grant Certification. ▪ Screen print of each recipient's account to validate the separation date; grant status; grant and loan conversions; teacher obligation status; and life circumstances suspensions. <p>Testing</p> <p>We performed the following tests to meet our review objectives:</p> <ul style="list-style-type: none"> ▪ Reviewed the borrower's Agreement to Serve to ensure that the recipients submitted a signed form for each year participating in the program. ▪ Reviewed the TEACH Grant Certification to validate that each recipient is either certified as one of the following: <ul style="list-style-type: none"> ○ He/she is not teaching, but intends to satisfy the TEACH Grant service obligation or |

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| | <p>he/she is currently performing teaching service that meets the requirements of the TEACH Grant service obligation as described in the TEACH Grant Agreement to Serve (ATS) but had not yet taught for a complete academic year.</p> <ul style="list-style-type: none"> ○ He/she does not intend to satisfy the TEACH Grant service obligation as described in the ATS; therefore he/she requested that the TEACH Grant(s) be converted into a Direct Unsubsidized Loan(s) ○ He/she is currently teaching as a full-time, highly qualified teacher in a high-need field, at a school or educational service agency serving low-income students. <ul style="list-style-type: none"> ▪ Reviewed the screen print of each recipient's account to confirm the separation date; grant status; grant and loan conversions; teacher obligation status; and life circumstances suspensions. |
| Question | <p><i>Monitoring Servicer Error and Reconversions</i></p> <p>7. FSA stated that "due to previous conversions caused by servicing errors (by previous servicer), we asked our new federal servicer to increase communication in the form of more grant recipient education on what is needed to stay eligible and when certification is required, for what fields of study, etc."</p> <ul style="list-style-type: none"> a. Please describe the communication issues under ACS that prompted this change. b. What steps has Education taken to determine how these communication issues may have affected grantees ability to certify? c. Please provide copies of correspondence ACS provided to grant recipients. |
| Answer | <p>7. Prior to the implementation of the new TEACH grant servicer, FSA evaluated the correspondence in use with ACS (see attached) and undertook an effort to improve the understanding of eligibility requirements and messaging on written letters. Additionally, FSA implemented an online presence to improve transparency around process. Both efforts (improvements to letters and a new TEACH grant web presence) generated borrower interest and questions to the new servicer about eligibility, and in some cases, questions about activities that occurred from the previous TEACH servicer (ACS). FSA conducted regular post-implementation sessions to discuss any implementation challenges, borrower issues or future system enhancements.</p> <ul style="list-style-type: none"> a. The statement above did not mean to imply that there were any communication issues with ACS. FSA felt that more educational communication regarding program requirements would benefit the grant recipient. b. N/A. c. See attached. <div style="text-align: center;">   </div> |
| Question | <p><i>Steps to Address Loan Conversion Error</i></p> <p>8. How are loan conversion errors being identified? Primarily through borrower dispute or another avenue?</p> |
| Answer | <p>8. Loan conversion errors are identified through:</p> <ul style="list-style-type: none"> - Borrower disputes - FedLoan review and quality assurance processes - FSA quarterly monitoring |
| Question | <p><i>Steps to Address Loan Conversion Error</i></p> <p>9. Does Education have plans to conduct a review of all grant to loan conversions that occurred under</p> |

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| | <p>ACS or FedLoan, including those currently managed by other servicers? If so, please describe this review process. If not, do you think such a review would be warranted? Why or why not?</p> <p>a. What guidance has Education provided to other servicers to review TEACH loan conversions or to elevate disputes?</p> |
| Answer | <p>9. We are currently reviewing the following options to review grant to loan conversions:</p> <ul style="list-style-type: none"> • Transfer all TEACH loans currently being serviced at other servicers to FedLoan for servicing. Work with the servicer to see if they can conduct a systematic review of all TEACH loans on their system (comparing conversion date to required actions by grant recipients) and manually review all exceptions for accuracy. • If systematic review is possible, instruct FedLoan to contact each borrower identified with a potential untimely conversion to discuss next steps, and if the borrower is eligible to convert back to a grant. • Create a special letter for all TEACH loan borrowers to notify them of TEACH Grant eligibility requirements, and advised them that if they have questions pertaining to their loan converting to a grant, to contact FedLoan. With newly transferred loans, this info would be included with their Welcome Letter. All other TEACH grant recipients on the FedLoan system would receive a separate letter with this information. <p>a. Servicers received TEACH loans and on-boarded them as any other Direct Loan and no additional review was completed. Servicers are instructed to contact their FSA Servicer Liaison if they have a dispute question or concern for assistance in resolution.</p> |
| Question | <p><i>Steps to Address Loan Conversion Error</i></p> <p>10. Has Education developed any goals or targets for decreasing the number of grant to loan conversions?</p> |
| Answer | <p>No. FSA does not think goals are necessary as there are in fact legitimate reasons for a TEACH grant to convert to a loan.</p> |
| Question | <p><i>Steps to Address Loan Conversion Error</i></p> <p>11. How is Education advising participants whose grant has converted to a loan that they may appeal conversion?</p> <p>a. Has Education proactively identified and reached out to recipients potentially impacted by servicer error to inform them of the option to appeal the conversion? .</p> <p>b. While the TEACH grant regulations, TEACH grant exit counseling, and FedLoan correspondence state once a TEACH Grant is converted to a Direct Unsubsidized Loan, it cannot be reconverted to a grant, the opportunity exists for borrowers to appeal loan conversion if it occurred due to servicer error. Do you think the information provided to TEACH grant recipients is sufficient for them to understand this process exists?</p> |
| Answer | <p>11. FedLoan sends notification at the time of conversion informing the grant recipient that their grants are being converted to loans. The notification reemphasizes the language included in their ATS that the loan cannot be reinstated to a grant, and will remain a Direct Unsubsidized Loan. The notification includes a statement that should the borrower have questions or want to review their loans, they can visit MyFedLoan.org or call FedLoan at the number at the top of the letter.</p> <p>a. FSA is considering options described in Q9 above.</p> <p>b. Yes, though FSA is considering the options described in Q9 above. In any error situation, the recipient should contact the servicer to rectify any mistake they feel has occurred.</p> |
| Question | <p><i>Steps to Address Loan Conversion Error</i></p> <p>12. Has Education considered formalizing and publicizing the reconversion process and criteria? Why or why not?</p> <p>a. Education provided documentation of its grant conversions appeal process, is this process described in any other Department policy documents, guidance, or publications? If so,</p> |

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| | <p>please provide us copies.</p> <p>b. It is our understanding that a TEACH grant converted to a loan cannot be reconverted back to a grant. We are wondering if that is Education's legal interpretation of the relevant TEACH grant statutes (in which case the Department would not have the legal authority to amend that regulation to allow reconversions), or if that was a policy decision (in which case the relevant regulation could be amended to allow reconversions)? Please explain your legal interpretation to us.</p> |
| Answer | <p>FSA concluded that reconversion issues should be resolved on a case-by-case basis. The statute and regulations are very clear on the requirements that must be met to satisfy the terms and conditions of the service agreement. Grant recipients are informed of these requirements when they sign the ATS and at various points throughout the service obligation period. Attention was also focused on minimizing erroneous conversions going forward.</p> <p>a. No.</p> <p>b. FSA's Policy Liaison and Implementation Office reviewed the statute and nothing prohibits reconversions, so this is a regulatory – not statutory – requirement though nothing prohibits us from correcting a servicer error.</p> |
| Question | <p><i>Steps to Address Loan Conversion Error</i></p> <p>13. How, if at all, are servicers required to notify borrowers about the availability of the FSA Ombudsman (i.e. mail, online, etc.)? How, if at all, does FSA monitor this requirement?</p> |
| Answer | <p>DCL GEN-13-11 provides the information that servicers should use to comply with regulatory requirements concerning providing Ombudsman information to borrowers.</p> <p>http://ifap.ed.gov/dpcletters/GEN1311.html</p> <p>Generally, the regulations require that borrowers be provided information on the availability of the Ombudsman during exit counseling and via notices that are sent when an account goes delinquent. It's important to note that TEACH Grant recipients receive information about the Ombudsman as part of their counseling. (Even if their grant never converts to a loan, they will have received information about the Ombudsman.)</p> |
| Question | <p><i>Other</i></p> <p>14. Please confirm that TEACH grant recipients who separate from their program without graduating must notify Education of their intention to teach within 120 days of separation. And, if they fail to do so, the grant converts to a loan. In contrast, for TEACH grant recipients who graduate from a qualifying program, they may submit paperwork after 120 days from graduation and they must submit employment certification one year after graduation. Failure to submit paperwork 120 days from graduation does not result in loan conversion, while failure to submit employment certification will result in loan conversion.</p> <p>a. According to FedLoan, ACS may have prematurely converted grants for graduates (converting after 120 days). To what extent did this occur and what steps has Education taken to correct this issue for current and future recipients?</p> |
| Answer | <p>14. Yes, though there is one clarification needed in your statement. All grant recipients are required to certify their intent to teach, or provide their teaching information after 120 days of leaving school, though only those who withdraw without graduating may convert at that time if they don't certify.</p> <p>a. At one time, ACS's practice was to convert grants to loans for graduated TEACH recipients if they failed to certify after 120 days. This error was identified in February 2013. FedLoan has never converted grants to loans for graduated recipients if they do not certify after 120 days.</p> <p>FedLoan has edits in place on their system which monitors for these servicing errors. All TEACH grants from ACS have been converted.</p> |
| Question | <p><i>Other</i></p> |

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| | 15. FedLoan indicated that TEACH grant data maintained by the previous servicer may have been incomplete or inaccurate for some grantees. Please describe the steps FSA has taken to improve TEACH grant data collection for new and existing grant recipients. |
| Answer | The two clear and precise areas of improvement made for the maintenance of TEACH Grant data are: 1) The storing of historical TEACH grant records indefinitely even after the conversion. 2) The addition of the program of study to the data model. >>>> Source is Kevin Hancock, Director of State Grants and Special Programs (primary TEACH guy). |
| Question | <i>Documentation Request</i> 1. Please provide a copy of the FedLoan contract and business requirements for the TEACH grant program (the copy provided does not include information on the TEACH grant program specifically). |
| Answer | <p>TEACH Grant Contract and FedLoan Task Orders:</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  ED-FSA-09-D-0014 TO 0006_EXECUTED </div> <div style="text-align: center;">  ED-FSA-09-D-0014 TO 0011_EXECUTED </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;"> <p>TEACH Grant Requirements</p>  TEACH Grant Requirements _0401: </div> <div style="text-align: center;"> <p>Requirement Attachments</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  ID 2183 Attachment B- Update to Impropr </div> <div style="text-align: center;">  ID 2183 Attachment A - Improper payer </div> </div> </div> </div> |
| Question | <i>Documentation Request</i> 2. Please provide a copy of the ACS TEACH grant contract and business requirements. |
| Answer | The attached covers TEACH servicing – no separate contract specific to TEACH. <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> CSB Contract Zipped.zip </div> </div> <p style="margin-left: 150px;">To open zip files: CS8contract!</p> |
| Question | <i>Documentation Request</i> 3. You provided us with a list of colleges and universities that participate in the TEACH Grant program for the 2012-13 school year. Do you have an updated list available? |
| Answer | The following lists the schools approved to offer TEACH Grants from January 1, 2013 to the present. <div style="text-align: center;">  TEACH grant 2013-2014.xlsx </div> |

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| 2875 | TEACH Grants Incorrectly Converted – PHASE I | Transfer of all active TEACH borrowers to FedLoan and data review of all TEACH loans to identify population converted in error. | <p>PHEAA on-boarded all existing, active TEACH Loans that were not already serviced by them as the TEACH Grant servicer (except those being held by TPD or DMCS). PHEAA reviewed all TEACH Loan data to identify grants suspected as converted in error for one the reasons listed below:</p> <ol style="list-style-type: none"> 1. Converted within 1 year of Graduation from the school to which the TEACH Grant was received 2. Converted in advance of separation from the school for which the TEACH Grant was received 3. Converted within 120 days of their withdraw from the school for which the TEACH Grant was received 4. Converted after their original withdraw date, but had another TEACH Grant disbursed within 120 days of that withdraw date <p>After analysis of the data, PHEAA found that 15,927 TEACH Grants for 10,776 TEACH Grant recipients may have been converted in error (based on the above criteria) by the prior TEACH Grant Servicer.</p> |
| 2963 | TEACH Grants Incorrectly Converted - PHASE II | TEACH Servicer Staff Training, Communication Efforts | <p>For borrowers serviced by PHEAA where suspected errors are identified, PHEAA sent one letter and one email (for borrowers with a valid email address) giving these borrowers the opportunity to request that the error be 'undone' and their TEACH Grants reinstated.</p> <p>These borrowers were given 30 days to respond and initiate the loan to grant un-conversion with PHEAA. A 'denial' letter was also be developed for recipients requesting grant reinstatement outside of the 30 day window established by FSA. PHEAA performed the necessary steps to redistribute or refund applicable payments, corrected credit reporting, reinstated each grant record and write off the appropriate TEACH Loans.</p> <p>For borrowers serviced elsewhere or with inactive TEACH Loans where suspected errors are identified, PHEAA provided FSA a listing of scenarios, borrowers and suspected errors to consider. PHEAA sent the same series of communications giving these borrowers the opportunity to request that the error be 'undone' and their TEACH Grants reinstated. PHEAA individually cleaned-up each of these accounts as they may fall into a number of documented 'risk' scenarios.</p> |
| 3002 | TEACH Grants Incorrectly Converted PHASE III -- QUICK PACE | TEACH Servicer Conversion/Rebuild of Loans Back to Grants | <p>PHEAA worked with those recipients who respond to ensure eligible grants are reconverted. PHEAA reconverted eligible TEACH Grants and rebuilt grant history.</p> <p>As of October 30, 2017, PHEAA had reconverted and rebuilt 2,784 TEACH Grants.</p> |

FedLoan Servicing TEACH Servicing Review

Report Date: August 18, 2015

PREPARED FOR:
FSA Business Operations
Washington, DC

ON-SITE REVIEW BY:
Lisa Oldre, Debb Johnson, Larry Porter & Destre Holloway
August 10 – 14, 2015

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Review Observations

REGULATORY ISSUES/SERVICER CHALLENGES

§686.37 - Institutional reporting requirements state that an institution must provide to the Secretary information about each TEACH Grant recipient related to the eligibility for, amounts of, and anticipated and actual disbursement date or dates and disbursement amounts of the TEACH Grant funds. The requirement does not, however, specifically state that the institution must provide notification when the grant recipient has completed or ceased enrollment in a TEACH Grant-eligible program.

This creates a servicing/regulatory challenge in administering the program due to the fact that the separation date for calculating the eight-year period for completion is based on the separation from the TEACH Grant-eligible program for which the Grant recipient received TEACH Grant funds and is not necessarily the separation date from the institution. FedLoan Servicing is dependent upon the separation date provided to NSLDS, which is most often the separation date from the institution and not necessarily the separation date from the eligible program of study (recipients can change programs and remain at the same institution though no longer be in a TEACH eligible program of study though not yet separated from school.) As a result, there are some issues with the assumptions that FedLoan Servicing has to make in lieu of having valid/valuable program of study information.

Additional challenges occur when a separation date is not provided for the recipient and the Anticipated Graduation Date (AGD) is in the past or when multiple separation dates are received for the same recipient. Because the program is administered differently based on a recipient withdrawing/separating versus completing/graduating from the program of study, assumptions must be made. Specifically related to the multiple separation dates issue, a misalignment (school reports separate and different enrollment information for TEACH Grants received in separate years) of the eight-year period for completion can occur and may result in a recipient following multiple certification schedules.

QUARTERLY INTEREST STATEMENTS

Quarterly Interest Statements are required to be sent to recipients. In some instances, it was observed that quarterly interest statements were either not being sent to the recipient or were not notated on the TEACH Admin UI as sent when they should have been.

FedLoan Servicing states that they send TEACH Grant quarterly email notices and annual written (paper or electronic, depending on the borrower's preference) to all of their TEACH Grant recipients while the recipient is in school, is actively certifying teaching service, as well as 5 months after the recipient leaves school (in an active

service obligation, but has not yet certified any teaching service, on track) and *not* in school (on track). They do not send interest communications as required to TEACH Grant recipients who had their TEACH Grants convert to TEACH Loans, or to recipients in an alleged Death or TPD status.

MULTIPLE DENIAL LETTERS (same day and subsequent days)

It was observed on several sample accounts that recipients were receiving multiple denial letters (either on the same day or on subsequent days.) During the quality review, if it is determined that the processor missed notifying the recipient of some of the required elements in order to process and/or approve the received form, a subsequent denial letter is generated to the borrower. It was also noted that letters generated on the same day are mailed together, but contain multiple cover letters. Letters generated on different days result in the borrower receiving multiple letters, while all being correct and valid, all contain differing information. These multiple notifications may cause unnecessary confusion for the recipient. This is a current system limitation that does not allow FedLoan to roll the multiple letters up into one correspondence per day. A system query to alert FedLoan of the multiple letter issue should be considered until an actual system fix can be implemented.

PROCESSING ERRORS

Several processing errors were observed during the review. These included demographic errors, certification processing errors, intent to teach and certifications not processed on all of the recipient's grants, and requests not sent on the 75th day. Out of the 28 accounts we reviewed, one critical error was identified. FedLoan Servicing is currently researching the critical error account. FedLoan queried their system and no other accounts were found to have this issue.

TEACH GRANT RECIPIENT SUSPENSION VS. INTENT USAGE

Recipients with multiple obligations (some of their grants are for a current program of study and in an in-school status and other grants received for an earlier program of study are in a certification/obligation status) are potentially eligible for suspension of their obligation certification which would assist with aligning their service obligations when they leave their final program of study. We questioned whether the grant recipients would be better served if provided more communication regarding their potential suspension eligibility.

Out of a current population of 767 recipients:

- 14 are on suspension (though the suspension may or may not be enrollment related.)
- 753 are not currently on a suspension.
- 197 have certified active teaching service.

It is estimated that about 570 recipients could request suspension and have not. We found, in most cases, rather than FedLoan reaching back out to the borrower to

find out if the recipient would chose to suspend, FedLoan certified the recipient's intent, potentially creating alignment issues.

We currently include language in our certification communications that go to borrowers that describes each of their options, including suspension, but borrowers are actively submitting intent rather than suspensions. While we agree that some enhancements, like to communicate separately to them add targeted language to our approval letters as we do on certifications today could help prevent this difference going forward, we believe that more active understanding of certification requirements on the part of recipients is needed. We expect that we can/will move forward with adding language to our 'intent' approval communications to further message this to recipients.

UPCOMING CHANGES

The previous observations were the result of sampling and account review. Discussions during that review led to FedLoan providing detail of some upcoming changes in their QA process.

TEACH GRANT QA PROCESS CHANGES

FedLoan Servicing will be expanding the scope of the quality assurance performed on TEACH Grant-related processes. Currently QA is performed on 100% of denied certification forms. This was initially done to prevent unwarranted negative recipient impact. However, FedLoan Servicing is in the midst of modifying their certification QA database and selection process. Beginning in November, they intend to change their process to QA at least 5% of both approved and denied certification forms.

Additionally, they intend to implement QA on the processes below, with a target date of 10/1/15:

- Approved certification forms (stop-gap until the certification database is modified in November)
- Suspension forms
- General correspondence
- Proof of Enrollment

Current and Previously Known Issues

While on-site, there were discussions related to known issues related to servicing the TEACH Grants. Below is a summary of known issues from the Issue Tracker.

- **Issue #2941 – TEACH -- No New TEACH Grant Requirement -- Waiver Needed. Added to tracker 11/14/14.**

Issue Description: TEACH Program requirement 3.10.7 (and additional clarification provided in Q/A 24 for TEACH grants) requires FedLoan Servicing to convert TEACH Grants to Loan under the new no grant scenario as failing to recertify. FedLoan requested a waiver to avoid unnecessary conversions from grants to loans.

Current Status -- FSA provided waiver to that requirement and has created CR 3188 to provide relief. CR is still in process of being finalized.

- **Issue #5511 – TEACH -- Grade Level Discrepancies with TEACH. Added to tracker 02/24/15.**

Issue Description: Grade Level Discrepancies identified between grant and loan records for TEACH Grants that were converted to Loans. 1,138 TEACH records found where discrepancies existed between the Grant and Loan records. Minimal impact however some records had discrepancies that impacted the program type (undergraduate or graduate), which drives the interest rate for the record. Clean up needed to correct.

1011 updates were made, 27 remaining to change. These final 27 are more difficult to correct as these were COD initiated and a system change is needed. All that could have been updated.

Current Status -- FedLoan to provide update when system is implemented.

- **Issue #6398 -- TEACH Grant Certification Exception. Added to tracker 03/23/15.**

Issue Description: Exception requested for recipient who started teaching 4 days prior to graduation date.

Current Status – Exception approved. Item is closed.

- **Issue #8887 -- TEACH 3rd Quarter Monitoring Review. Added to tracker 04/29/15.**

Issue Description: These are observations from the 3rd Quarter TEACH Monitoring Review.

Observation 1: Impact of FedLoan Servicing's certification backlog that spanned over many months. Inadequate time for recipients to respond, not allowing 30 days, causing the grant to convert to a loan in error.

Observation 2: Recipient did not receive a TEACH Grant although she is still enrolled and scheduled to graduate.

Observation 3: Recipient was not given 30 days to respond to a denial of a certification notice.

Observation 4: Communication gap relating to submission of an intent-to-teach form to the prior servicer, resulting in failure to give the Recipient adequate time to respond to the certification notice.

Observation 5: Communication gap relating to submission of an intent-to-teach form to the prior servicer. Additionally, FedLoan Servicing sent an incorrect and inadequate notification to the recipient resulting in the Recipient's grants converting to loans.

Current Status: CAP responses received 06/29/15. Additional CAPs applied. Waiting on FedLoan Servicing to provide notification of retraining of all staff.

- **Issue #9483 -- TEACH Grant -- Recipients in Bankruptcy Status. Added to tracker 07/09/15.**

Issue Description: TEACH Grant recipients who are in a bankruptcy status are not receiving any TEACH Grant letters. FedLoan identified approximately 40 recipients who fall into this situation and have halted the grant to loan conversion on these accounts.

Current Status: FSA granted FedLoan permission to delay the conversion until proper communication can be completed. FSA is reviewing whether additional requirements are needed or whether the bankruptcy letters need to be reviewed.

- **Issue #9484 -- TEACH Grant - Out of Time. Added to tracker 07/09/15.**

Issue Description: FedLoan has identified a number of recipients at risk of not completing their teaching obligations within the 8-year timeframe. Prior to placing their grant in queue for conversion to a loan, it was determined to be in the best interest of the Program's success to give these recipients a 30 day notification to certify their final teaching requirement.

Current Status: FSA has drafted a CR to enhance and strengthen communications to TEACH recipients who are running out of time. Draft CR

has been reviewed by FedLoan and comments sent to FSA. FSA is working on final review of CR.

- **Issue #9877 -- TEACH Grant - ACS Conversion in Error Email Issue. Added to tracker 07/30/15.**

Issue Description: Recipients received an additional email communication in error. This communication was the ACS Conversion in Error Reminder email (E84) and part of CR2863 TEACH Grant Cleanup, which includes a reminder that the deadline to respond is approaching 15 days. The deadline was already passed but email vendor sent out another reminder to these borrowers. FedLoan received an additional 53 responses.

Current Status: FSA approved accepting the additional conversion requests. Item is closed.

- **Issue #10072 -- TEACH 4th Quarter Monitoring Review. Added to tracker 08/05/15.**

Issue Description: These are observations from the 4th Quarter TEACH Monitoring Review.

Observation 1: One recipient's TEACH Grants converted to loan on 02/18/14 at the recipient's request. A copy of the conversion letter was not provided. Further research uncovered an edit in FedLoan's system prevented the conversion letter from generating. Additional query revealed a total of 80 recipients did not receive this conversion letter.

Current Status: FedLoan has revised current conversion correspondence and will send to 49 of these recipients (only those that have a current balance.) FSA is reviewing communication.

Observation 2: Recipient's certification was rejected for 2014-15 academic year improperly.

Current Status: FedLoan is in agreement with FSA and is attempting to contact the recipient to verify.

Observation 3: Recipient is disputing their lack of certification response.

Current Status: FSA's SF office is reviewing this dispute.

- **Issue #10313 -- TEACH Grants - Expired Expected Date of Graduation. Added to tracker 08/18/15.**

Issue Description: Guidance needed on how to handle TEACH Grants with expired dates of graduation: Separated? If so, Graduated versus Withdrawn.

Background Research Results: FedLoan has 312 TEACH Grants for 204 TEACH Grant recipients (for a total of \$789,190.41) where FedLoan was originally passed an expected date of graduation that was never updated by the school and has since expired.

Current Status: Being reviewed by FSA Program Management for resolution.

Resolution/Recommendations and Risk

Resolution Needed/Recommendations

- Provide explanation on the critical error that was identified.
- During FSA's visit in August, 2015, an account was entered for review within the TEACH Admin User Interface (UI) but a "critical error" message displayed and the account could not be viewed through the UI. Our technical team investigated the error and determined that the display issue occurred because there was a row of missing required data for that individual within in a new TEACH Grant system table that was created in July 2015 to house prior teaching service credit. We identified 39 total records (sequences) that were missing this data, and have since resolved it by creating data for that required row. The issue was raised and closed in approximately a week.
- FSA recommends that in your system integration, all tables are added to your user acceptance.
- Provide list of changes to be implemented for the QC process.
- Beginning October 2015, the following records were selected for QA review:
 1. Approved Certification Forms)
 2. Suspension Forms
 3. Proof of Enrollment
 4. General Correspondence

The following processes are also on target to be selected for QA by December, 2015:

1. Recipient Requested Conversion Requests
2. Separation Date Review (TE) Queue
3. TEACH Customer Service Email Replies

Additional changes to our TEACH Certification QA Database are scheduled for implementation this November, 2015. These changes will expand the scope of QA performed on certification forms and allow us to adjust the percentage of items reviewed based on findings. In addition, we have identified various scenarios for QA, including what we consider to be high risk accounts (conversion scheduled, certification due date in the past, military suspensions, etc.) as well as low risk accounts. Our intention is to QA a minimum of 5% for all accounts but increase the volume and/or priority of our review for all high risk accounts.

- Provide an outline of the assumptions/logic used related to Institutional reporting requirements vs. servicer requirements.
- As discussed with FSA, due to the lack of institutional reporting of Classification of Instructional Program (CIP) codes for TEACH Grant recipient's enrollment, we are left to follow assumptions and/or guidance

provided by FSA. These assumptions largely deal with the withdrawal and subsequent re-enrollment of TEACH Grant recipients. Below are supporting details and citations for assumptions used:

Q&A 24:

Q: We'd like to propose the following standardized approach for certification timeframes.

There are 3 possible separation trigger dates for certification, driving 3 "notification dates"

Separation Trigger

Notification Date

| | |
|--|-------------------------|
| 1 Graduation/Separation from school (GD) | GD + 75 days (per 3.8) |
| 2 Program Separation (PSD) | PSD + 75 days (per 3.8) |
| 3 No New Grant Disbursed (NND) | NND (per 3.10.7) |

Initial certification due date = Notification date + 45 days

This is day 120 for Separation Trigger 1 & 2, but may be outside of 120 days for Trigger 3 ("due" date will always fall 45 days from notification date per Req. 3.8).

Annual certification notification date = Annual certification due date (see below) - at least 30 days

Annual certification due date = Initial certification due date (defined above) + 1 year (ongoing) (per 3.10.3)

Please note: This proposal differs from 3.11.1 in that the annual certification date will be one year from the Initial Certification Due Date vs. the Separation Date. This ensures that the recipient has sufficient opportunity to certify appropriately.

Further, if a GD or PSD falls in the past, we would maintain the existing notification whenever possible.

Example: A recipient was expected to separate on 05/13/13. We received notice on 01/10/13 that they separated on 01/01/12. We would trigger the notification on 01/10/13 (and in turn, expect the initial certification due date to be 02/23/13).

Note: FSA advised later removed the requirement, 3.10.7, in November 2014.

A: FSA Response: Updated 4/22/13: "No new grant disbursed" students will be handled the same way as a recipient who has graduated. PHEAA will send the initial certification, but if the recipient doesn't reply there will be no immediate ramifications.

The certification process can be initiated using the three listed triggers. For

the 3rd trigger, No New Grant Disbursed, the fact that a recipient does not receive a new grant does not mean he/she is not still enrolled in an eligible program of study. The certification request should include an option to indicate that the recipient is still enrolled in an eligible program. Note: In the scenarios provided, it appears the grant recipient will not be told about the confirmation requirement until there are only 45 days left in the 120-day period. For grant recipients who did not complete the program for which they received the grant, the consequence of failing to meet the 120-day confirmation requirement is loan conversion. Particularly for these individuals, the TEACH Grant Servicer may want to notify them of the requirement at an earlier date. Finally, the certification process for a recipient to notify the TEACH Grant servicer of status/intent may be electronic.

Q&A 53:

Q: A school reports a Grant recipient as having withdrawn at the end of the spring semester. We send the initial certification. The recipient advises that s/he is returning to school in the fall. Are we able to act on that information and discontinue the initiation of the 8-year clock or must we receive notification from the school that the recipient is enrolled?

Proposed response: You may discontinue the initiation of the 8-year clock until such time you determine that the recipient did not return to school, i.e., the recipient advises you s/he did not return to school, s/he does not receive a new TEACH Grant, etc.

A: FSA response: 2/5/13: Follow-up discussion--The servicer cannot discontinue initiation of the 8-year clock based on this information. The servicer won't know if the borrower re-enrolls in an eligible program and must wait for disbursement of a new TEACH grant or request for suspension to discontinue the 8-year clock. The proposed response by PHEAA is not acceptable. Initiation of the 8-year clock should be based on enrollment in a TEACH Grant eligible program, not just a return to school.

Q&A Document on Separation Dates for FSA (Policy):

PHEAA Analysis:

34 CFR 686.41 indicates that a recipient who withdrew from the program of study for which he/she received the Grant should apply for a suspension of the service obligation if he/she re-enrolls in a program of study for which he/she **would be** eligible for a TEACH Grant. The regulations don't address the situation of a recipient who receives another Grant for the same program of study after re-enrolling. Since the program of study isn't reported to us, the only thing we can do is assume that all undergraduate grants are for the same undergraduate program of study and all graduate grants are for the same graduate program of study (Q&A 40 from the Q&A tab on the TEACH Requirements spreadsheet).

All examples use undergraduate TEACH Grants, but the same questions pertain to graduate TEACH Grants. For each of these examples we could support multiple answers. A case can be made for each TEACH Grant having its own service obligation if the school

doesn't report continuous enrollment throughout the entire program of study (either because the recipient actually withdraws and re-enrolls, or the school reports a withdrawal). On the other hand, if a recipient completes a program of study (even with gaps in enrollment), a case can be made that the service obligation shouldn't start until they complete the program which may require multiple conversions/unconversions of Grants to Loans and Loans to Grants.

FSA/OPE Response:

If we do not have information about the program in which the student has re-enrolled and received another TEACH Grant, we believe it is reasonable to make an assumption that the student has returned to the same program from which he or she previously withdrew. However, as noted in the previous response, the key issue is whether the student has re-enrolled in another TEACH Grant-eligible program at the same level (undergraduate or graduate), even if it is not the same program as the original program. If the student has re-enrolled in another TEACH Grant-eligible program (either the same program or a different program) at the same level, there would be a single service obligation, and the 8-year clock would start when the student completes or otherwise ceases enrollment in the program.

Note: In mid-2014, we began to receive CIP code data for TEACH Grant recipients. We believe now is a good time to begin coordinating the servicing of those recipient who have this data on all of their grants.

- FedLoan Servicing will propose suggested changes to requirements with known challenges.
- During your last visit, as with prior visits, we proposed changes to requirements (and as a result, regulations) which have caused challenges and pain points for PHEAA, TEACH Grant recipients and/or FSA. Below is a brief description of our suggested changes:
 1. Proportional discharge of financial obligation as a result of respective completion of service obligation. *This is recommended for a number of reasons, including to avoid known situations in which a recipient may have completed three (out of four) years of teaching service but then is promoted to an administrator (i.e. Principal) and unable to satisfy their complete obligation but has to repay the entire amount of the grants disbursed with interest accrued from the date of disbursement.*
 2. Approval to reinstate grant status, on grants that converted to loans, based on evidence of eligible teaching service completed. *A reason for a grant to convert to a loan may be as simple as the recipient not certifying their intent to teach annually. This reason for conversion does not mean that the recipient did not complete their teaching service obligation or still could not complete their teaching service obligation. We believe the program will have better accountability and outcome measures if we could reinstate grant status for those who complete their service obligation within their expected obligation period, regardless of loan status. We believe that certification is an obstacle for TEACH Grant recipients to*

completing their service obligation, and doesn't represent their having no intention to honor the meaning behind the grant: that they serve a low income school in a high need field.

3. Remove complex certification eligibility requirements based on separation reason (graduated versus withdrawn.) *As you may know, recipient have varied certification requirements based on the reason for their separation from the program of study for which they received their TEACH Grant. However, this adds complexity to our service, communication, and general understanding from the recipient of their obligations. Added to this are updates we receive from institutions which often change or correct separation reasons after we've already 'triggered' or captured a recipient's separation. We believe that, if a recipient is able to satisfy their teaching obligation (whether they graduated or not), they should be given the opportunity to do so, and be held to the same expectations for sending in certification documentation as other TEACH Grant recipients.*
4. Create additional suspension opportunities (time or reasons). *Compared to the Direct Loan Program, recipients of a TEACH Grant do not have comparable time or opportunities to suspend their obligation for life circumstances.*

We welcome the discussion of any of the items above or other items which FSA would suggest we focus on for the improvement of the program. As you may know, we have completed and have open, a number of TEACH improvement items that we implementing for better servicing.

- FedLoan Servicing previously completed a QA process on 100% of denied certifications. During the site visit, it was suggested that accepted certifications be included in the QA review as well as denied. After the site visit, notification was received from FedLoan Servicing that the recommendation was being implemented; however, the QA process was decreasing from 100% of denied certifications to 5% for both denied and approved certifications. Moving from a 100% QA to a 5% QA concerns FSA especially with the issues that were discovered during the site visit that included denied certifications that were QA'd. FSA would highly recommend that FedLoan Servicing increase the QA process for certifications in light of the issues uncovered during the visit.
- The Certification QA Database is being modified to select a variety of certification forms processed across both denied and non-denied/accepted accounts. The database will have the flexibility built-in to modify the volume extracted for QA review on a daily basis. Based upon the analysis of errors identified the percentage selected can be modified on-demand to increase the percentage of records reviewed.
- Note: With the exception of the critical error account, accounts identified with errors were corrected by FedLoan Servicing while researching questions from the reviewers.

Potential Risk

- Quarterly interest statements not being sent to recipients as intended can be an indication of systemic issues and quality control issues. Additionally, it creates risk by failing to advise recipients of potential financial obligations.
- According to the TEACH Grant requirements, requirement 3.1 specifically states that the servicer must notify TEACH Grant recipients at least quarterly about the amount of interest that has accrued on their TEACH Grant disbursements and the obligation to repay that interest along with the amount disbursed **if they fail to fulfill their teaching obligations**. When the TEACH Grant is converted to a loan, the recipient has already failed to fulfill their teaching obligation. The loan is serviced as a Direct Unsubsidized Loan and would then fall under those regulations and requirements. Current Direct Loan regulations do not require quarterly interest statements be sent to borrowers. However, as you are aware, FSA CR3192 will require us to send quarterly statements that include accruing interest to borrowers who are in an in-school or grace status. Also, in conjunction with Requirement 3.1, there was a Q&A (57) that further clarified the requirement.
- Processing errors as well as multiple separation dates can result in the misalignment of the eight-year period for completion and can lead to recipient confusion and unnecessary conversion to a loan.
- We agree, and in response to processing errors, we have implemented new tools/software to increase communication and awareness to changes and issues, training software and curriculums to increase effectiveness and QA processes to catch errors in a timelier manner. Multiple separation dates can misalign or create multiple obligations for a single program type, but this is based on our assumptions of the requirements as discussed above.
- Multiple denial letters can result in recipient confusion and unnecessary conversion to a loan.

We agree and have taken action to reduce the number of denial letters being sent as the result of processing certification forms for multiple programs. We have requested a system change to only send one denial letter (or approval letter) to each recipient when the recipient has multiple programs that would specify which grant programs the decision applies to. Effective September 2015, we have implemented a process to cancel any duplicate denial letters so that the recipient will receive only one copy as the result of form processing until this system change is in place.

Review Methodology

REVIEW OBJECTIVE

To determine if the TEACH Grants are being serviced according to regulations and requirements.

STANDARDS

Statutory & Regulatory

The regulations governing TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION (TEACH) GRANT PROGRAM are:

- 34 CFR 686.1 – 34 CFR 686.43

METHODOLOGY

Sampling

From a sample of 5000 TEACH Grant recipients, 28 accounts were chosen by random sample to be reviewed.

Materials Requested

While on-site the review was performed using access to COMPASS, TEACH Admin UI, NSLDS, In-house User Account Access, and Imaging Systems. Additional information was requested from the servicer as needed.

Testing

We reviewed the following to ensure that servicing requirements, regulations, and Change Requests were followed properly in the servicing of the recipient's grant(s):

- System notes, account information, and recipient histories.
- Imaged forms and letters and compared to information servicer's system.
- Servicer processing of eligibility for service obligation benefit, if applicable.

- Service processing of intent to teach, if applicable.
- NSLDS for separation dates and compared to servicer's system.
- Communications to and from the recipient.

Better Management of Teacher Aid Programs Needed to Improve Participant Outcomes

GAO-15-314 1.2.2

Business Operations

Action Description: After completing our analysis, we will use the results to identify and implement or propose programmatic or policy initiatives to increase the percentage of grant recipients who successfully complete the service obligation.

Responsible manager: Business Operations John Kane

CAP due date: 6/30/2017

RESPONSE: The Study referenced in our Action Description provided insight into potential operational roadblocks faced by Grant participants; specifically difficulty in successfully certifying and re-certifying for the program.

- Among the TEACH Grant recipients who reported that they were unlikely to complete service requirements, unsure of their likelihood to complete their service requirements, or that their TEACH Grants had already converted to loans, the most frequently factor they cited leading to conversion of grants to loans with 44% reported that failing to certify annually was an influential factor.

For those TEACH Grant recipients who identified the failure to certify as a factor for converting, the most frequently cited reason was not knowing the process for annual certification or forgetting about annual certification (38 percent of the TEACH Grant converters indicated that they did not know the process for annual certification, and 20 percent indicated that they forgot about the annual certification).

To address certification issues FSA will replace the existing single certification form (which attempts to cover all certification requirements for both completers and non-completers) with three separate certification forms: one for the initial 120-day certification requirement; one for non-completers to cover the required 1-year certification; and one for completers to cover the annual certification requirement. Our program observations/reviews have shown that some of the problems we're seeing result from the fact that the current single certification form is too complicated or confusing because it attempts to capture very different requirements for different populations.

Three separate certification forms have been drafted to capture the following conditions:

- Initial Certification – this is the “120-day” certification that is sent to all TEACH Grant recipients (both completers and non-completers)
- A “Subsequent” certification for grant recipients who did not complete the program for which they received a TEACH Grant (calling this a “subsequent” certification instead of an “annual” certification, because “annual” implies something that is done every year – but for non-completers, there will be no further certifications if they don’t meet one of the applicable requirements within one year of leaving school without completing the program)
- An “Annual” certification for grant recipients who completed the program for which they received a TEACH Grant.

Once these forms have cleared a review and clearance process, including OPE, OGC, and OMB; a communications plan will be implemented to all interested parties to ensure that the change is well documented and that there is sufficient guidance in place.

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| | GAO 15-314 Teacher Forgiveness | | | | | | |
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| | Item | Responsible | Due/received | Comp | S t a t u s | Attachments (Provide name) | Comments |
| 1.1.1 | It looks like GAO wants additional verification that the program information is on the servicers' websites, correspondence from servicers to borrowers, and in exit counseling. Also, the information you provided was only for the Teacher Loan Forgiveness program. Please also provide information on the TEACH Grant program. | | 1/31/18 | | | NSLDS student site https://www.nslsds.ed.gov Exit Counseling landing page: https://www.nslsds.ed.gov/nslsds/nslsds_SA/public/SaEcWelcome.do | <p>Please Note: The most impactful time to reach a student about TEACH Grants is while they are students and trying to obtain college funding. The TEACH servicer is responsible for tracking the years of "teach" service, of the graduated borrower and isn't responsible for granting the funds. Therefore, there isn't a great deal of Grant awareness information required during the servicing period of the Grant process.</p> <p>Response: For Exit Counseling The address for the NSLDS Student Site is https://www.nslsds.ed.gov There is a clear navigation button to Exit Counseling on the Home page, at the top menu and on the</p> |

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| | | | | | | <p>list of functions below.</p> <p>The direct link to the Exit Counseling landing page is: https://www.nsls.ed.gov/nsls/nsls_SA/public/SaEcWelcome.do</p> <p>Screen shots provided</p> <p><u>CR 3233 TEACH Grant Forgiveness Counter added to all annual certification communications</u></p> <p>Reason (Business Need): FSA is requiring additional information be developed and provided to all FedLoan Servicing TEACH Grant recipients. This additional information would be included on all annual certification request correspondence and will identify the number of servicing years the grant recipient has already completed and have been certified towards their forgiveness.</p> <p>Description (Requirements):</p> <ol style="list-style-type: none"> 1. The servicer shall send additional information on all Annual Certification Request Correspondence identifying the number of Servicing Years the grant recipient has already completed and have been certified towards their forgiveness. 2. Further explanation of the information on how a grant |
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| | | | | | | <p>recipient would qualify for forgiveness (information from their Agreement to Serve [ATS]) should also be included on the communications with links to TEACH Grant educational sites such as studentaid.gov, studentloan.gov and FedLoan's own website is required.)</p> <ol style="list-style-type: none"> 3. FedLoan will add Questions/Answers to their website for TEACH Grant Recipients to explain this additional information on their annual certification communications if applicable. 4. FedLoan will provide additional scripting to their Customer Servicer Representatives so CSR's can accurately answer questions regarding the new information included on the annual certification request communications. <p>STATUS: PHEAA has implemented this CR as of 09/17/15. PHEAA has revised their applicable TEACH Grant Certification request correspondence generated to recipients to include the number of teaching service already completed and the number of service years still needed to fulfil the obligation. They promoted the final communication changes on 12/23/15. PHEAA made the</p> |
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| | | | | | | <p>required system coding changes to support this requirement and adjusted communications.</p> <ul style="list-style-type: none"> • Certification requests now provide further explanation of qualified teaching service and provide links to TEACH Grant Educational sites. • PHEAA has revised their CSR scripting so they can provide answers to questions regarding the service years completed and remaining. <p>COMPLETED.</p> |
| 1.1.1 | <ul style="list-style-type: none"> • Thank you for providing information on TEACH grant exit counseling. You also noted in your 2/15/18 response that, "The most impactful time to reach a student about TEACH Grants is while they are students and trying to obtain college funding." Please provide documentation of efforts to increase awareness of the TEACH grant during that time (i.e. when the students are trying to obtain college funding) or other efforts to target potential TEACH grant participants. For example, webinars, trainings, or additional information provided to financial aid administrators to help increase program | Lisa Meg Cindy | 3/13/2018 | | | |

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| | awareness. | | | | | | |
| 1.1.2 | | | | 6/8/2016 | | GAO 15-314 1.1.2 CR 3263 Revised BBR- Public Service Loan Forgiveness Program Promotion | <p><u>CR 3263 PSLF and TEACH promotion on all initial correspondence</u></p> <p>Both PSLF and TEACH are beneficial program which offer student/borrowers an opportunity to reduce their financial burden. The programs should be more widely publicized to students and borrowers to encourage their consideration of these programs. Consequently, additional information will be included on all initial communications to the borrowers from COD and the servicers, and may be included on any appropriate communications at the servicer's discretion. The additional information will consist of FSA constructed language promoting the Public Service Loan Forgiveness (PSLF) and the Teacher Loan Forgiveness programs.</p> <p>Description (Requirements):</p> <ol style="list-style-type: none"> 1. COD and the servicers shall provide additional information on all initial correspondence promoting the Public Service Loan Forgiveness (PSLF) and Teacher Loan Forgiveness programs. 2. The same language will also be added to each servicer's website. 3. COD will add the same language to the CL on-line Exit Counseling tool at |

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| | | | | | | | studentloans.gov. STATUS: All Servicers have implemented this CR. Last implementation was 11/20/15. |
| 1.1.2 | <ul style="list-style-type: none"> Thank you for providing the change request that servicers include more information on Teacher Loan Forgiveness. Please provide documentation, such as screen shots or a sample of borrower correspondence, to demonstrate the information Servicers are providing. | Lisa | 3-13-2018 | | | | |
| 1.1.2 | <ul style="list-style-type: none"> Has Education taken any steps to raise awareness of the Perkins teacher loan cancelation program? | Lisa Meg Cindy | 3-13-2018 | | | | |
| 1.2.1 | Please provide copies for the forms when they are been cleared through the agency and are finalized. | Cindy | 1/31/18 | 2/2/2018 | | | The forms are just entering clearance. I do not have an anticipated completion date. I have asked to receive them when they are cleared...but if we can put a Sept 2018 date on this one it would be a reminder. |
| 1.2.2 | Action Description: After completing our analysis, we will use the results to identify and implement or propose programmatic or policy initiatives to increase the percentage of grant recipients who successfully complete the service obligation. | John K | 6/30/17 | 5/4/17 | C | Closing Document: 1.2.2 final | RESPONSE: The analysis referenced in our Action Description provided insight into potential operational roadblocks faced by Grant participants; specifically difficulty in successfully certifying and re-certifying for the program. |

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| | | | | | | <ul style="list-style-type: none"> • Among survey respondents who converted a TEACH Grant to a loan, 44% reported that failing to certify annually was an influential factor in their conversion. This factor was the most frequently cited factor in converting a grant to a loan. <p>For those TEACH Grant recipients who identified the failure to certify as a factor for converting, the most frequently cited reason was not knowing the process for annual certification or forgetting about annual certification (38 percent of the TEACH Grant converters indicated that they did not know the process for annual certification, and 20 percent indicated that they forgot about the annual certification).</p> <p>To address certification issues, FSA will replace the existing single certification form (which attempts</p> |
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| | | | | | | <p>to cover all certification requirements for both completers and non-completers) with three separate certification forms: one for the initial 120-day certification requirement; one for non-completers to cover the required 1-year certification; and one for completers to cover the annual certification requirement. Our program observations/reviews have shown that the current single certification form is too complicated and confusing because it attempts to capture very different requirements for different populations.</p> <p>To simplify the process for recipients, three separate certification forms have been drafted to capture the following conditions:</p> <ul style="list-style-type: none"> •Initial Certification – this is the “120-day” certification that is sent to all TEACH Grant recipients (both completers and non-completers) •A “Subsequent” certification for grant |
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| | | | | | | | <p>recipients who did not complete the program for which they received a TEACH Grant</p> <ul style="list-style-type: none"> •An “Annual” certification for grant recipients who completed the program for which they received a TEACH Grant. <p>Once these forms have cleared a review and clearance process, including OPE, OGC, and OMB; a communications plan will be implemented to all interested parties to ensure that the change is well documented and that there is sufficient guidance in place.</p> |
| 1.3.1 | This is 3 years old (CR 2875 dated 11/3/14). To close we proposed a copy of the CR and a copy of the borrower communications, which we provided. However they are asking for documentation about the assessment itself. Please provide if possible. | DJ | 12/7/2017 | 12/28/17 | | GAO 15-314 1.3.1 Scope statement for cleanup 6-20-2016_ DJ.12-8-2017 | <p>The issue was discovered by Denise Leifeste and Chad Keller when ACS was the TEACH Grant Servicer; ACS was asked stop converting grants incorrectly, but a clean-up was not initiated. GAO audit (#131283 dated 2014) on the TEACH program, identified a need to clean up the previous erroneously converted grants. It is important to remember that this program has no provision for re-establishing a Grant.</p> <p>The attached scope statement defines the project that corrected the issue.</p> |
| 1.3.1 | <ul style="list-style-type: none"> • On January 3rd, you provided the TEACH Grant | Lisa DJ | 3-13-2018 | | | | |

| | | | | | | | |
|-------|--|---------|-----------|--|--|--|--|
| | <p>Project Scope Statement. The last item is not marked as completed, "Complete final conversions (which require removal of TEACH loans from consolidation and financial transactions to be reversed) of last phase of TEACH Grant disputes. Currently, there are 183 borrowers with 322 sequences to be converted/rebuilt." Please provide evidence that this step was completed.</p> | | | | | | |
| 1.3.1 | <ul style="list-style-type: none"> Additionally, the project scope statement lists the following reasons for improper conversion: <ol style="list-style-type: none"> Converted within 1 year of Graduation from the school to which the TEACH Grant was received. Converted in advance of separation from the school for which the TEACH Grant was received. Converted within 120 days of their withdrawal from the school for which the TEACH Grant was received. Converted within 120 days of their original withdraw date for withdrawn recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels). In our report, FedLoan provided us with information on other errors that also contributed to the 2,252 erroneous conversions: the recipient not given 30 days from final notification to certify, the recipient did not understand | Lisa DJ | 3-13-2018 | | | | |

| | | | | | | | |
|-------|---|----|-----------|-----------|--|--|--|
| | grant terms, the recipient was not given 45 days from first notification to certify, and the grant converted to loan before certification was due. Please clarify the extent to which these errors were also identified in the clean-up operations. | | | | | | |
| 1.4.2 | This is a 2 years old (CR 3231 dated 5/14/15). Example of borrower communications for all Grant to Loan Conversion accounts; screen shot of website Q& A providing dispute information, and URL. | DJ | 12/7/2017 | 12/28/17 | | https://myfedloan.org/pdf/TEACH-faqs.pdf Screen Shoot: Correspondence: GAO 15-314 1.4.2 borrower letter FS07BTCHLN (3) | This language was required by CR 3231 – Borrower’s Bill of Rights. Website and website screenshot for dispute information and correspondence with dispute language. Screen shot: provided Correspondence attached. Language from correspondence included here: |
| 1.4.2 | | | | 9/29/2015 | | GAO 15-314 1.4.2 CR3231BBR TEACH grant to loan dispute notification GAO 15-314 TEACH conversion letter | I think these two documents should close out the audit One is the CR which asked for change in communication The other is the improved letter (4 th paragraph from the bottom) |
| 1.4.2 | <ul style="list-style-type: none"> On January 3rd, you provided a link and a screen shot to the TEACH grant FAQ on FedLoan’s website. The information on the website does not include the additional information provided to TEACH Grants in their correspondence when the grant converts to a | | | | | | |

| | | | | | | | |
|--|---|--|--|--|--|--|--|
| | <p>loan (see below). Please provide documentation of the updated information on FedLoan's website:</p> <p>Website:</p> <p>"My grants were converted to student loans. How can I change them back to grants?"</p> <p>As explained in your Agreement to Serve, a TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be changed back to a grant.</p> <p>If you believe that your grants were converted to loans in error, please contact us."</p> <p>Correspondence:</p> | | | | | | |
| | <p>If you have additional questions or believe you should be able to have your loan changed back to a TEACH Grant, but you are unable to do so, please contact us at TEACH@myfedloan.org or myfedloan.org/TEACH for more information.</p> <p>Personal difficulties and extenuating circumstances are not valid reasons to request a review. Unfortunately, we cannot help you manage your student loans if you are unable to pay them.</p> | | | | | | |
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Business Operations Change Request Form

As Of: 6/1/15 3:40:36PM

Administrative Information

CR: 3231

Drafted: 5/13/15 3:35:21PM

Submitted: 5/14/15 8:51:33AM

Title: BBR -- TEACH Grant to Loan Dispute Notification Message Added to All Grant to Loan Conversion Communications

Sponsor: Debbe Johnson

Business Analyst: Nina Patel

Anticipated Implementation Date: 09/30/2015

Mandated Legislation Effective 1/1/16

Change Request Details

Reason (Business Need):

In an ongoing effort to improve borrower communications, and in conjunction with the Borrower Bill of Rights, FSA is requiring additional information be developed and provided to all FedLoan Servicing TEACH Grant recipients whose grants are converting to loans. This additional information would be included on all Grant to Loan Conversion correspondence and will identify how the recipient can contact the TEACH Loan Servicer to discuss/dispute their grant to loan conversion.

Description (Requirements):

Add contact information to all Grant to Loan Conversion correspondence for recipients to discuss/dispute their grant to loan conversion.

Additional Information (All OPERATIONAL impacts must be assessed):

1.0 The servicer shall send additional information on all Grant to Loan Conversion correspondence identifying the ways a recipient can contact the TEACH Grant Servicer to discuss/dispute their grant to loan conversion. The additional information should specify that there are no options to dispute based on personal or extenuating circumstance. Example of information to be added: If you believe this conversion has been completed in error, please contact your TEACH Loan Servicer at ____ (phone), ____ (email), ____ (text), or visit our website at ____.

1.01 Further explanation of the information on how a recipient can contact the TEACH Loan Servicer if they feel their loan to grant conversion has been completed in error should be added to FedLoan's website.

1.02 FedLoan will add Questions/Answers to their website for TEACH Grant Recipients to explain this additional information on their Grant to Loan Conversion communications if applicable.

1.03 FedLoan will provide additional scripting to their Customer Servicer Representatives so CSR's can accurately answer questions regarding the new information included on the Grant to Loan Conversion communications.

Does this change require a new network connection

(Secure File Transfer Protocol is mandatory for all new connections)? No

IST Anticipated/Post-Implementation Validation: No

FSA Service/System/Area Impacted

PHEAA

Validation - Artifacts and Corresponding Requirement IDs (Required for Services)

The servicer shall add language and contact information on all Grant to Loan Conversion communications for the recipients to discuss or dispute their grant to loan conversion.

Artifact needed:

- Samples of all Grant to Loan Conversion communications with added language and contact information.
- Screen Shots of website and Q/A updates.
- Scripting provided to CSR's.

Artifacts Due Date: 09/01/2015

Business Operations Change Request Form

Send all Change Request Forms to POCChangeRequest@ed.gov

Administrative Information

Service Area Validation for Submission: Completed: ☒ Defer: ☐

Requestor: : Chad Keller/Denise Leifeste

CR Title: TEACH Grand Conversion Disputes

BA: Rochelle Whittington

ID: 2486

Date Drafted: 4/15/14

Date Received: 4/16/14

Anticipated Implementation Date:

FSA Service/System/Area Impacted

- | | | |
|---|---|--|
| <input type="checkbox"/> Title IV Servicers (TIVAS) | <input type="checkbox"/> Ancillary Services | <input type="checkbox"/> Call Centers |
| <input type="checkbox"/> Not-for-Profits (NFPs) | <input type="checkbox"/> COD | <input type="checkbox"/> FMS |
| <input type="checkbox"/> PSLF | <input type="checkbox"/> NSLDS | <input type="checkbox"/> Security Architecture |
| <input checked="" type="checkbox"/> TEACH | <input type="checkbox"/> ADM/FPDM | <input type="checkbox"/> EAI |
| <input type="checkbox"/> TPD | <input type="checkbox"/> CPS | <input type="checkbox"/> PEPS/IPM |
| <input type="checkbox"/> Perkins | <input type="checkbox"/> EDEExpress | <input type="checkbox"/> SAIG |
| <input type="checkbox"/> DMCS/DMCS2 | <input type="checkbox"/> eCampus-Based | <input type="checkbox"/> AIMS |
| <input type="checkbox"/> DLCS | <input type="checkbox"/> Participation Management | <input type="checkbox"/> Other: _____ |

☐ Notification Only: _____

Reason for Change (Business Need):

Defining requirements for TEACH Grant conversion disputes that can be resolved by PHEAA and disputes that should be forwarded to FSA.

Description of Change Requested (Requirements):

This CR affects only FedLoan Servicing in their capacity as the TEACH Grant servicer. This is a procedural CR updating the procedures for forwarding TEACH Grant disputes to FSA.

FedLoan Servicing shall resolve TEACH Grant conversion disputes, including converting loans back to grants, without forwarding to FSA under the following circumstances:

- 1) The grant converted to a loan within one year of the student's graduation.
- 2) The student is continuously enrolled in the TEACH program when the grant converted.
- 3) FedLoan Servicing Compliance will deny requests where certification requests were sent and the sole issue is that the recipient failed to certify as required.
- 4) Instances where FLS made an obvious servicing error that resulted in the grant converting to a loan.
- 5) Instances where FLS (or the prior servicer) incorrectly denied certification resulting in the grant converting to a loan when certification obviously should have been approved.

Other disputes shall be forwarded to FSA for final review, including:

- 1) All escalated disputes including Congressional, Ombudsman, Better Business Bureau, etc.
- 2) Any dispute that has previously been denied by FLS and the recipient is appealing that decision.
- 3) Disputes involving poor servicing or poor or conflicting information provided by FLS or the prior servicer that may have confused the recipient about certification requirements and potentially resulted in the grant converting to a loan.

Additional Information (All OPERATIONAL impacts must be assessed):

Does this change require a new network connection (Secure File Transfer Protocol is mandatory for all new connections)? (THIS FIELD IS REQUIRED)

☒ No ☐ Yes

IST Anticipation (THIS FIELD AND DATE ARE REQUIRED):

☐ No ☐ Yes; Anticipated Date(s):

Post-Implementation Validation (THIS FIELD IS REQUIRED):

☐ No ☐ Yes

Validation (REQUIRED FOR SERVICERS ONLY):

| Requirement ID | Requirement | Validation Artifact(s) | Due Date |
|----------------|-------------|------------------------|----------|
| | | | |
| | | | |

| 19. ITEM NO. | 20. SCHEDULE OF SUPPLIES/SERVICES | 21. QUANTITY | 22. UNIT | 23. UNIT PRICE | 24. AMOUNT |
|-----------------|--------------------------------------|-----------------|-------------|-------------------|---------------|
| | | | | | |

32a. QUANTITY IN COLUMN 21 HAS BEEN

☐ RECEIVED ☐ INSPECTED ☐ ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED: _____

| | | |
|--|-----------|---|
| 32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE | 32c. DATE | 32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE |
|--|-----------|---|

| | |
|--|---|
| 32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE | 32f. TELEPHONE NUMBER OF AUTHORIZED GOVERNMENT REPRESENTATIVE |
| | 32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE |

| | | | | |
|---|--------------------|---------------------------------|--|------------------|
| 33. SHIP NUMBER | 34. VOUCHER NUMBER | 35. AMOUNT VERIFIED CORRECT FOR | 36. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL | 37. CHECK NUMBER |
| <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL | | | | |

| | | |
|---------------------|------------------------|-------------|
| 38. S/R ACCOUNT NO. | 39. S/R VOUCHER NUMBER | 40. PAID BY |
|---------------------|------------------------|-------------|

| | |
|---|--------------------------|
| 41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT | 42a. RECEIVED BY (Print) |
|---|--------------------------|

| | | |
|--|-----------|-----------------------------|
| 41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER | 41c. DATE | 42b. RECEIVED AT (Location) |
|--|-----------|-----------------------------|

| | |
|----------------------------|-----------------------|
| 42c. DATE REC'D (YY/MM/DD) | 42d. TOTAL CONTAINERS |
|----------------------------|-----------------------|

STANDARD FORM 1449 (REV. 3/2011) **BACK**

ED-FSA-09-D-0014/0011

SCHEDULE Continued

| ITEM NO. | SUPPLIES/SERVICES | QUANTITY | UNIT | UNIT PRICE \$ | AMOUNT \$ |
|----------|---|----------|------|---------------|------------|
| | <p>Contracting Officer: Angie Smith, 202-377-4016, angie.smith@ed.gov</p> <p>Primary Contracting Officer Representative: Tammy Connelly, 202.377.3298, tammy.connelly@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Lynn Smith, 202-377-3577, lynn.smith@ed.gov Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point of Contact(s): None</p> <p>TEACH Grant Services, including development and maintenance.</p> <p>Period of Performance: 01/01/2014 - 12/31/2014</p> | | | | |
| 0001 | <p>Provide Teach Services such as Grant monitoring through approximately March 31, 2014</p> <p>Accounting and Appropriation Data: 0202M2014.A.2014.ENB00000.6N5.2521A.ACB.000.0000.000000 \$500,000.00</p> | 1.00 | SE | 500,000.00 | 500,000.00 |

| | | | | | | | |
|---|--|--|--|---|---|----------------------------------|------------|
| SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, & 30 | | | | 1. REQUISITION NUMBER EDOFSA-13-000142 | | PAGE 1 OF 13 | |
| 2. CONTRACT NO. ED-FSA-09-D-0014 | | 3. AWARD/EFFECTIVE DATE DEC 20, 2012 | | 4. ORDER NUMBER 0006 | | 5. SOLICITATION NUMBER | |
| 7. FOR SOLICITATION INFORMATION CALL: a. NAME Angie Smith angie.smith@ed.gov | | b. TELEPHONE NUMBER (No collect calls) 202-377-4016 | | 6. SOLICITATION ISSUE DATE | | | |
| 9. ISSUED BY United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202 | | | | 10. THIS ACQUISITION IS <input type="checkbox"/> SMALL BUSINESS <input type="checkbox"/> UNRESTRICTED OR <input type="checkbox"/> SET ASIDE: % FOR: <input type="checkbox"/> HUBZONE SMALL BUSINESS <input type="checkbox"/> WOMEN-OWNED SMALL BUSINESS (WOSB) <input type="checkbox"/> SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS <input type="checkbox"/> ECONOMICALLY DISADVANTAGED WOMEN-OWNED SMALL BUSINESS (EDWOSB) NAICS: <input type="checkbox"/> 8 (A) SIZE STANDARD: | | | |
| 11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED <input type="checkbox"/> SEE SCHEDULE | | 12. DISCOUNT TERMS 0 Days 0% Net 30 | | 13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700) | | 13b. RATING | |
| 15. DELIVER TO United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202 | | | | 16. ADMINISTERED BY United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202 | | | |
| 17a. CONTRACTOR/ OFFEROR. HIGHER EDUCATION ASSISTANCE AGENCY, PENNSYLVANIA 1200 NORTH 7TH STREET FINANCIAL MANAGEMENT 5TH FLOOR HARRISBURG PA 171021444 | | 18a. PAYMENT WILL BE MADE BY Budget Group/Invoice Admin US Department of Education/FSA/CFO/BG/FSAA 830 First Street, NE, Suite 54B1 Washington DC 20202-0001 | | 14. METHOD OF SOLICITATION <input type="checkbox"/> RFQ <input type="checkbox"/> IFB <input type="checkbox"/> RFP | | | |
| CAGE: 41UK7 TIN: 231693362 TELEPHONE NO. | | DUNS: 007368103 | | 17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN OFFER | | | |
| 18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED <input type="checkbox"/> SEE ADDENDUM | | | | | | | |
| 19. ITEM NO. | 20. SCHEDULE OF SUPPLIES/SERVICES | | | 21. QUANTITY | 22. UNIT | 23. UNIT PRICE | 24. AMOUNT |
| Please | see continuation page for line item details. | | | | | | |
| (Use Reverse and/or Attach Additional Sheets as Necessary) | | | | | | | |
| 25. ACCOUNTING AND APPROPRIATION DATA See Schedule | | | | | 26. TOTAL AWARD AMOUNT (For Govt. Use Only) \$250,000.00 | | |
| 27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52.212-1, 52.212-4, FAR 52.212-3 AND 52.212-5 ARE ATTACHED. ADDENDA | | | | | <input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED | | |
| 27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52.212-4, FAR 52.212-5 IS ATTACHED. ADDENDA | | | | | <input checked="" type="checkbox"/> ARE <input type="checkbox"/> ARE NOT ATTACHED | | |
| 28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN COPIES TO ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED | | | | | 29. AWARD OF CONTRACT: REF. _____ OFFER DATED: _____ YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN, IS ACCEPTED AS TO ITEMS: | | |
| 30a. SIGNATURE OF OFFEROR/CONTRACTOR | | | | 31a. (b)(6) _____ (Type or print) | | | |
| 30b. NAME AND TITLE OF SIGNER (Type or print) | | 30c. DATE SIGNED | | 31b. NAME OF CONTRACTING OFFICER (Type or print) Soo Kang 202-377-3798 soo.kang@ed.gov | | 31c. DATE SIGNED DEC 20, 2012 | |

AUTHORIZED FOR LOCAL REPRODUCTION
PREVIOUS EDITION IS NOT USABLE

STANDARD FORM 1449 (REV. 3/2011)
Prescribed by GSA - FAR (48 CFR) 53.212

| 19. ITEM NO. | 20. SCHEDULE OF SUPPLIES/SERVICES | 21. QUANTITY | 22. UNIT | 23. UNIT PRICE | 24. AMOUNT |
|-----------------|--------------------------------------|-----------------|-------------|-------------------|---------------|
| | | | | | |

32a. QUANTITY IN COLUMN 21 HAS BEEN

☐ RECEIVED ☐ INSPECTED ☐ ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED: _____

| | | |
|--|-----------|---|
| 32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE | 32c. DATE | 32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE |
|--|-----------|---|

| | |
|--|---|
| 32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE | 32f. TELEPHONE NUMBER OF AUTHORIZED GOVERNMENT REPRESENTATIVE |
| | 32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE |

| | | | | |
|-----------------|--------------------|---------------------------------|--|------------------|
| 33. SHIP NUMBER | 34. VOUCHER NUMBER | 35. AMOUNT VERIFIED CORRECT FOR | 36. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL | 37. CHECK NUMBER |
|-----------------|--------------------|---------------------------------|--|------------------|

| | | |
|---------------------|------------------------|-------------|
| 38. S/R ACCOUNT NO. | 39. S/R VOUCHER NUMBER | 40. PAID BY |
|---------------------|------------------------|-------------|

| | |
|---|-----------------------------|
| 41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT | 42a. RECEIVED BY (Print) |
| 41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER | 42b. RECEIVED AT (Location) |
| 41c. DATE | 42c. DATE REC'D (YY/MM/DD) |
| | 42d. TOTAL CONTAINERS |

STANDARD FORM 1449 (REV. 3/2011) **BACK**

ED-FSA-09-D-0014/0006

Attachment A - Terms and Conditions

Pennsylvania Higher Education Assistance Agency (PHEAA)
TEACH Grant Servicing – Single Servicer
 Contract No. ED-FSA-09-D-0014, Task Order 0006
 Terms and Conditions

Objective:

To accept, process, and service TEACH Grants, in accordance with Attachment B – TEACH Grant Requirements.

Pricing:

The following provides the pricing on a **per borrower per month** basis for the services provided.

| Servicer | Implementation/Development Cost | Unit Price Per Month |
|----------|---------------------------------|----------------------|
| PHEAA | \$0.00 | \$1.05 |

The total potential value of this Task Order is approximately \$3,000,000.00, subject to the availability of funds. Initial funding in the amount of \$250,000 is provided for approximately the first month's servicing cost, which will begin during the transferring of the TEACH Grants.

Schedule:

The period of performance will be from date of award through June 16, 2014.

The scheduled implementation date for the transfer of TEACH Grants is April 27, 2013.

Additional Terms and Conditions:

1. The terms and conditions provided herein are for services, including accepting, processing, and servicing TEACH Grants, in accordance with the requirements described in Attachment B – TEACH Grant Requirements and the regulations found at 34 CFR 686.
2. Unless otherwise stated, all other terms and conditions of the Base IDIQ Contract are applicable and incorporated herein.
3. The escalation methodology provided in Section B.13.N.4 of the Base IDIQ Contract Number ED-FSA-09-D-0014 shall apply for TEACH Grant Servicing. The escalation methodology shall apply at the next scheduled cycle (as defined in the Base IDIQ Contract) after one year has elapsed.

Attachment B - TEACH Grant Requirements

Introduction:

Under the terms of this program both undergraduate and graduate students are eligible to receive up to \$4,000 per year up to a maximum aggregate of \$16,000 for undergraduate students and \$8,000 for graduate students. Annual award amount for a full-time student is \$4000, a three-quarter-time student is \$3000, a half-time student is \$2,000 and a less-than-half-time student is \$1000 not to exceed the

The TEACH Grant recipient must:

1. Agree to serve as a full time teacher for a total of not less than 4 academic years within 8 years after completing the course of study for which the applicant received the TEACH Grant.
2. Teach in a Federally designated low income school;
3. Teach either math, science, foreign language, bilingual education, special education, as a reading specialist, or another field documented as high-need by the Federal Government, state government or local educational agency (and approved by the Secretary);
4. Submit evidence of such employment in the form of certification by the chief administrative officer of the school upon completion of each year of service; and
5. Comply with the requirements for being a highly qualified teacher as defined by the Elementary and Secondary Education Act of 1965.

If the applicant does not carry out the service obligation, the sum of the amounts of any TEACH Grants received will be converted into a Direct Unsubsidized Loan (TEACH) and will be subject to repayment, along with any and all interest accrued from the date of the grant award.

If the applicant has both graduate and undergraduate TEACH Grants, the 8-year period for completing the first service obligation would begin on the date the student completes or otherwise ceases to be enrolled in the undergraduate program. The 8-year period for completing the second service obligation would begin on the date the student completes or otherwise ceases to be enrolled in the graduate program. The student could receive a suspension (for up to 3 years) of the period for completing the first service obligation while enrolled in the graduate TEACH-eligible program. After completing the graduate program, the student could then complete 4 years of teaching that would satisfy both service obligations. However, if there was a gap between the undergraduate and graduate programs, the student would have already "used up" a portion of the 8-year period for completing the first service obligation (unless the student qualified for a suspension during the gap period based on another qualifying condition). For example, if the student did not enroll in the graduate program until 6 months after completing the undergraduate program (and did not receive a suspension during that period), the student (upon completing the graduate program) would have 7½ years to complete the first service obligation and 8 years to complete the second.

TEACH Grants are excluded in a borrower's Total Indebtedness when calculating payments and determining repayment plans. Common Origination and Disbursement (COD) maintains school eligibility, applicant eligibility, award processing, and disbursement data including, but not limited to, the Agreements to Serve (ATS). The Agreement to Serve outlines for the recipient all eligibility and obligation requirements. COD manages the disbursement of funds for TEACH Grants.

Business Requirements:

- [1.0] Accept and process TEACH grants.
- [2.0] Load TEACH Grants
- [3.0] Service TEACH Grants
- [4.0] Conversion and Unconversion
- [5.0] Payment Application
- [6.0] Discharge
- [7.0] Accounting
- [8.0] Federal Transfers
- [9.0] Consolidation
- [10.0] TPD
- [11.0] DMCS
- [12.0] Correspondence
- [13.0] Reporting
- [14.0] Web site

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|-------|-------------|------------------|---|---|
| 1.0 | TEACH Grant | Accept & Process | Service will accept and process TEACH Grant transaction data received from COD. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 1.1 | TEACH Grant | Accept & Process | Service will accept TEACH Grant transaction data received in exclusive transmission files using a unique interface ID received from COD. | |
| 1.2 | TEACH Grant | Accept & Process | Service will process TEACH Grant transaction data contained in transmission files received from COD. | |
| 1.3 | TEACH Grant | Accept & Process | Service will send acknowledgement and error transactions to COD when TEACH Grant transaction data is processed | |
| 1.4 | TEACH Grant | Accept & Process | Service will accept and process amount adjustments and apply disbursement date changes on TEACH Grant disbursements based on disbursement adjustment transactions received from COD | |
| 2.0 | TEACH Grant | Load | Service will load TEACH Grants | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 2.1 | TEACH Grant | Load | Service will uniquely identify and track separately TEACH Grants from Direct Loans. | |
| 2.2 | TEACH Grant | Load | Service will uniquely identify TEACH Grants while the recipient is in an In School status. | |
| 2.3 | TEACH Grant | Load | Service will track TEACH Grants with different separation dates separately. | |
| 2.4 | TEACH Grant | Load | Service will assign same interest rate as Direct Unsubsidized Stafford Loans to TEACH Grants based on grant disbursement date. | |
| 2.5 | TEACH Grant | Load | Service will accrue "potential" interest from the disbursement date of record for TEACH Grants. | |
| 3.0 | TEACH Grant | Service | Service will service TEACH Grants while grant recipients are in school. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.1 | TEACH Grant | Service | Service will notify TEACH Grant recipients at least quarterly about the amount of interest that has accrued on their TEACH Grant disbursements and the obligation to repay that interest along with the amount disbursed if they fail to fulfill their teaching obligations. | |
| 3.2 | TEACH Grant | Service | Service will calculate interest from the grant disbursement date at the same rate as Direct Unsubsidized Loan. | |
| 3.3 | TEACH Grant | Service | Service will NOT accept payments for TEACH Grants while in grant status. If a payment is received during grant status, the payment is returned to the recipient with notification as to why the payment cannot be applied; a TEACH Grant payment cannot be applied to any other loans. | |
| 3.4 | TEACH Grant | Service | TEACH Grant refunds shall be included in monthly reconciliation reporting | |
| 3.5 | TEACH Grant | Service | A grant recipient can request a TEACH Grant be converted to a Direct Unsubsidized Loan at anytime | |
| 3.6 | TEACH Grant | Service | Service will service TEACH Grants upon a grant recipient's graduation or separation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.6.1 | TEACH Grant | Service | A TEACH Grant recipient must complete a service obligation for each program of study for which they received a TEACH Grant | |
| 3.6.2 | TEACH Grant | Service | Service will track service obligation periods for each TEACH Grant-eligible program of study (undergraduate versus graduate with different separation dates) separately. | |
| 3.6.3 | TEACH Grant | Service | Service will manage the certification process for a grant recipient that has graduated or separated from the TEACH Grant eligible program of study and has not started teaching. | |
| 3.7 | TEACH Grant | Service | Grant recipients must certify, within 120 days of completing or otherwise ceasing to be enrolled in the program for which they received a TEACH Grant, that (1) they are performing qualifying teaching service, or (2) they are not yet teaching, but intend to fulfill the service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.7.1 | TEACH Grant | Service | This requirement applies both to students who completed the program as well as to students who left the program before completing it. For students who completed the program for which they received a TEACH Grant, but who have not yet begun teaching, there is a requirement to annually certify their intent to fulfill the service obligation. This annual certification requirement applies only to students who completed the program for which they received a TEACH Grant. | |
| 3.8 | TEACH Grant | Service | Service will send a notice to grant recipients 75 days after separation, reminding them to submit the required certification within 45 days (by day 120). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.9 | TEACH Grant | Service | For grant recipients who did not complete the program for which they received a TEACH Grant: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.9.1 | TEACH Grant | Service | If the student does not certify that he or she is teaching, or that he/she is not teaching but intends to fulfill the service obligation, another notice will be sent 120 days after separation warning the recipient that the grant will convert to a loan. | |
| 3.9.2 | TEACH Grant | Service | If certification has not been received by the 150 th day after separation, the grant will be converted to a loan and a notice will be sent to the borrower. | |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|--------|-------------|--------------|---|---|
| 3.9.3 | TEACH Grant | Service | The servicer must have the capability of adjusting the start date of the 8-year clock for a student if we (FSA) determine that a particular student ceased enrollment in a TEACH- eligible program prior to ceasing enrollment at the school (exception process). | |
| 3.9.4 | TEACH Grant | Service | For grant recipients who COMPLETED the program for which a TEACH Grant was received, but have not begun teaching, loan conversion occurs if they do not annually certify their intent to fulfill the service obligation. | |
| 3.10 | TEACH Grant | Service | Servicer will manage the TEACH Grant Certification Process for a recipient that has not started teaching. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.10.1 | TEACH Grant | Service | Servicer will track and store a record of each academic year a TEACH Grant recipient responds to the certification request that they are not yet teaching, but intend to fulfill his/her TEACH Grant service obligations. | |
| 3.10.2 | TEACH Grant | Service | If a TEACH Grant recipient graduates, servicer will send the initial Annual Certification Cover Letter along with the Annual Certification Request Form to the TEACH Grant recipient a minimum of 30 days prior to the certification due date. | |
| 3.10.3 | TEACH Grant | Service | Servicer will send the Annual Certification Request Form to a TEACH Grant recipient annually. | |
| 3.10.4 | TEACH Grant | Service | Servicer will convert a recipient's TEACH Grants into Direct Unsubsidized Loans when no response has been received within 30 days of the date the Final Certification Request is sent. Servicer will send the TEACH Grant Conversion Confirmation notice to recipient in this event. | |
| 3.10.5 | TEACH Grant | Service | Servicer will send a follow-up certification letter to a TEACH Grant recipient when no response has been received in 30 days or less following the generation of the Annual Certification Request. | |
| 3.10.6 | TEACH Grant | Service | Servicer will send a final certification request to a TEACH Grant recipient when no response has been received in 30 days or less following the generation of the follow-up certification request. | |
| 3.10.7 | TEACH Grant | Service | If a new TEACH Grant disbursement is not received for the award year that follows the award year of the last TEACH Grant disbursement while the recipient is attending school, servicer will send a certification request. | |
| 3.11 | TEACH Grant | Service | Servicer will service TEACH Grants while Recipients are Completing their Service Obligation once employed as a teacher. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.11.1 | TEACH Grant | Service | Servicer will collect and track annually evidence of teaching for each academic year of service from the grant recipient. The annual certification date will be one year from the recipient's separation date. | |
| 3.11.2 | TEACH Grant | Service | Servicer will track and store the subject(s) a TEACH Grant recipient is teaching (i.e. (1) Bilingual education and English language acquisition; (2) Foreign Language; (3) Mathematics; (4) Reading specialist; (5) Science; (6) Special education; and (7) Any other field that has been identified as high-need by the Federal Government, a State government, or a local education agency (LEA), and approved by the Secretary and listed in the U.S. Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List). | |
| 3.12 | TEACH Grant | Service | Upon completion of each academic year of service, the grant recipient must submit certification by a chief administrative officer of the school or educational service agency. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.12.1 | TEACH Grant | Service | Grant recipient must serve in a federally designated low-income school. A school qualifies as low-income in subsequent years for the purpose of completing service obligations; if the school that the recipient is teaching at meets the requirements of a low-income school during the first year of employment and fails in subsequent years. | |
| 3.12.2 | TEACH Grant | Service | Grant recipient must teach in a high-need field. A field is considered high-need as listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List). | |
| 3.12.3 | TEACH Grant | Service | A grant recipient may satisfy the requirement to teach in a high-need field if he or she (1) teaches in a field designated as high-need in the Nationwide list for the state in which the grant recipient is teaching at the time he or she begins teaching, or (2) beginning with the 2010-2011 school year, teaches in a field that was designated as high-need in the Nationwide List for the state in which the grant recipient is teaching for any award year in which the student received a TEACH Grant, even if the high-need field is no longer designated as high-need for that state when the grant recipient begins teaching. | |
| 3.12.4 | TEACH Grant | Service | Grant recipient must serve as a full-time teacher for a total of 4 academic years within an 8 year timeframe. | |
| 3.12.5 | TEACH Grant | Service | Grant Recipient is teaching part-time at two qualifying schools during an academic year and can demonstrate that the combined teaching was equivalent of full-time. | |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|----------|-------------|--------------|--|---|
| 3.12.6 | TEACH Grant | Service | Service will count the following situations as a full academic year when considering the completion of TEACH Grant service requirements if the recipient completes at least one-half of an academic year and is unable to complete the full academic year of teaching because: | |
| 3.12.6.1 | TEACH Grant | Service | Of a condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA). See 34 CFR 686.40(e)(1). | |
| 3.12.6.2 | TEACH Grant | Service | A call or order to active duty status for more than 30 days in connection with a war, military operation, or national emergency. | |
| 3.13 | TEACH Grant | Service | Service will adjust a recipient's TEACH Grant Service Obligation Tracking Period End Date by the number of months spent in a Tracking Suspense. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.14 | TEACH Grant | Service | When a recipient has completed or separated from their TEACH Grant eligible program, service shall allow a TEACH Grant recipient the ability to suspend the tracking of their eight-year teaching obligation period as a result of one of the following conditions: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.14.1 | TEACH Grant | Service | Enrollment in another TEACH Grant-eligible program (example: graduate program) or enrollment in a program that has been determined by a state to satisfy the requirements for certification/licensure to teach in the state's elementary or secondary schools. | |
| 3.14.2 | TEACH Grant | Service | A condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA). See 34 CFR 686.40(e)(1). | |
| 3.14.3 | TEACH Grant | Service | A call or order to active duty status for more than 30 days in connection with a war, military operation, or national emergency. | |
| 3.15 | TEACH Grant | Service | This suspension of tracking the obligation period will be granted in one year increments, but cannot exceed three years (including suspensions for military service). A grant recipient who has completed or who has otherwise ceased enrollment in a TEACH Grant eligible program for which he or she received TEACH Grant funds and has exceeded the maximum three year suspension period allowed may qualify for a proportional discharge of his or her service obligation due to an extended call or order to active duty status. A grant recipient, who meets this condition, must apply for a military discharge in writing. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.15.1 | TEACH Grant | Service | The grant recipient must request a suspension of the period for completing the service obligation prior to being subject to any of the conditions that would cause the grant to be converted to a loan. | |
| 3.15.2 | TEACH Grant | Service | Service will allow TEACH Grant recipients to suspend tracking of their teaching obligation due to military service for no more than a total of three years (separate from the combined maximum 3-year allowance for conditions that qualify for leave under the Family Medical Leave Act (FMLA)). | |
| 3.15.3 | TEACH Grant | Service | Service will inform TEACH Grant recipients that tracking of their teaching obligation can be suspended for no more than a total of three years for military service. | |
| 3.15.4 | TEACH Grant | Service | Service will require TEACH Grant recipients to request suspension of their teaching obligations, in writing, prior to one of the conditions that could cause their TEACH Grants to be converted into Direct Unsubsidized Loans. | |
| 3.15.5 | TEACH Grant | Service | Service will inform TEACH Grant recipients that suspension of their teaching obligations must be requested, in writing, prior to one of the conditions that could cause their TEACH Grants to be converted into Direct Unsubsidized Loans. | |
| 3.15.6 | TEACH Grant | Service | Service will suspend the tracking of a recipient's eight-year Service Obligation Tracking Period as a result of an approved Suspension Request (suspension to be granted in up to 1-year increments). | |
| 3.15.7 | TEACH Grant | Service | Service will limit the application of a Suspension to 3 years. | |
| 3.15.8 | TEACH Grant | Service | Service will uniquely identify TEACH Grant recipients who have received a Tracking Suspension. | |
| 3.16 | TEACH Grant | Service | Service will evaluate a TEACH Grant recipient's ability to satisfy his/her TEACH Grant service obligations. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.16.1 | TEACH Grant | Service | Service will evaluate the TEACH Grant recipient's ability to satisfy his/her TEACH Grant service obligation starting at the beginning of the 5th year from the TEACH Grant Service Obligation Tracking Period Start Date and annually thereafter. | |
| 3.16.2 | TEACH Grant | Service | Service will determine whether or not it is possible for a TEACH Grant recipient to satisfy his/her TEACH Grant service obligations prior to reaching the TEACH Grant Service Obligation Tracking Period End Date. | |
| 3.16.3 | TEACH Grant | Service | Certification of a recipient's intent to TEACH will initiate conversion if there is no longer enough time remaining to satisfy the 4 year teaching agreement by the service obligation end date. | |
| 3.16.4 | TEACH Grant | Service | Service will convert TEACH Grants into Direct Unsubsidized Loans for a recipient who has been determined to not be able to satisfy his/her TEACH Grant service obligations within the remaining time frame. | |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|-------|-------------|----------------------------|--|---|
| 3.17 | TEACH Grant | Service | Service will send the TEACH Grant Conversion Confirmation notice to notify a TEACH Grant recipient when his/her TEACH Grants are converted into Direct Unsubsidized Loans. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.18 | TEACH Grant | Service | Service will validate a TEACH Grant recipient's teaching service to determine if they have been satisfied according to the Agreement to Serve (ATS). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.19 | TEACH Grant | Service | Service will uniquely identify TEACH Grants where the recipient has satisfied his/her TEACH Grant service obligations in accordance with the Agreement to Serve (ATS). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.20 | TEACH Grant | Service | Service will confirm that all service requirements have been satisfied for TEACH Grant service obligations. (NO prorated forgiveness will be given as the TEACH Grant recipient is required to meet all TEACH Grant service obligations as outlined in the Agreement to Serve (ATS)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.21 | TEACH Grant | Service | Service will conclude certification and tracking activities when a TEACH Grant recipient has satisfied his/her TEACH Grant service obligations. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.22 | TEACH Grant | Service | Service will reduce the balance of TEACH Grants to zero when the recipient has satisfied his/her TEACH Grant service obligations in accordance with the Agreement to Serve (ATS). (NO prorated forgiveness will be given as the TEACH Grant recipient is required to meet all TEACH Grant service obligations outlined in the Agreement to Serve (ATS)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.23 | TEACH Grant | Service | Upon a recipient's satisfaction of his/her service obligation, the Service will generate a unique financial accounting transaction to FMS to report the reduction of the TEACH Grant balance to zero for the principal and interest amount fields. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.24 | TEACH Grant | Service | Service will report TEACH Grants with a satisfied status to NSLDS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.25 | TEACH Grant | Service | Service will send the TEACH Grant Service Obligation Notice-Satisfied Confirmation notice when recipient has satisfied his/her service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.26 | TEACH Grant | Service | Service will send the TEACH Grant Service Obligation Notice-Request for Additional Information notice when additional information is needed to determine if the recipient has satisfied his/her service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.27 | TEACH Grant | Service | Service will generate a unique financial accounting transaction to FMS to report the reversal of a TEACH Grant that was previously reported as satisfied to restore the balance for the principal and amount fields. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.0 | TEACH Grant | Conversion & Un-Conversion | Service will convert TEACH Grants into Direct Unsubsidized Loans. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.1 | TEACH Grant | Conversion & Un-Conversion | Service will convert a TEACH Grant to a Direct Unsubsidized Loan (TEACH) when a TEACH Grant recipient fails to carry out their service obligations. | |
| 4.2 | TEACH Grant | Conversion & Un-Conversion | The sum of the amounts of any TEACH Grants shall be converted to a Direct Unsubsidized Loan subject to repayment including interest accrued from the date of the grant disbursement. | |
| 4.3 | TEACH Grant | Conversion & Un-Conversion | Service will convert a TEACH Grant to a Direct Unsubsidized Loan when a grant recipient: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.3.1 | TEACH Grant | Conversion & Un-Conversion | Requests conversion | |
| 4.3.2 | TEACH Grant | Conversion & Un-Conversion | Fails to certify within 120 days of ceasing enrollment prior to completing the TEACH Grant eligible program. | |
| 4.3.3 | TEACH Grant | Conversion & Un-Conversion | Within one year of ceasing enrollment prior to completing the TEACH Grant eligible program has not re-enrolled in a TEACH Grant eligible program, begun creditable teaching service or been determined eligible for a tracking suspension of the eight-year obligation period. | |
| 4.3.4 | TEACH Grant | Conversion & Un-Conversion | Completes a TEACH Grant eligible program but fails to certify annually intention to satisfy service agreement. | |
| 4.3.5 | TEACH Grant | Conversion & Un-Conversion | Completes a TEACH Grant eligible program but fails to begin or maintain qualified employment within the timeframe to meet the eight-year obligation period. | |
| 4.4 | TEACH Grant | Conversion & Un-Conversion | Once a TEACH Grant has been converted to a Direct Unsubsidized loan (TEACH), the same business rules for Direct Unsubsidized Loans will apply. When a Direct Unsubsidized Loan (TEACH) becomes greater than 360 days delinquent, the loan shall be transferred to DMCS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.5 | TEACH Grant | Conversion & Un-Conversion | A TEACH Grant converted to a Direct Unsubsidized loan can be consolidated. A TEACH Grant in grant status cannot be consolidated. | |
| 4.6 | TEACH Grant | Conversion & Un-Conversion | Once a TEACH Grant is converted to a Direct Unsubsidized Loan (TEACH), it cannot be converted back to a grant unless it is an exception granted by FSA. A grant recipient whose TEACH Grant is converted to a loan receives a 6-month grace period before entering repayment. | |
| 4.7 | TEACH Grant | Conversion & Un-Conversion | TEACH Grants converted to Direct Unsubsidized Loans (TEACH) shall be serviced as any other Direct Loan | |
| 4.8 | TEACH Grant | Conversion & Un-Conversion | TEACH Grants converted to Direct Unsubsidized Loans (TEACH) shall not be included in the borrower's annual loan limit or in the aggregate loan limit. | |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|-------|-------------|----------------------------|--|---|
| 4.9 | TEACH Grant | Conversion & Un-Conversion | Servicer will include Direct Unsubsidized Loans (TEACH) in a borrower's total indebtedness when determining repayment plan eligibility and calculating payments. | |
| 4.10 | TEACH Grant | Conversion & Un-Conversion | Direct Unsubsidized Loans (TEACH) shall not be considered for the purpose of calculating and applying cohort default rates. | |
| 5.0 | TEACH Grant | Payment | Servicer will apply borrower payments | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 5.1 | TEACH Grant | Payment | Servicer will not apply borrower payments to TEACH Grants until servicer has confirmed recipient intent to convert grant to loan. | |
| 5.2 | TEACH Grant | Payment | Servicer will apply payment received from a Borrower/Recipient who has both TEACH Grants and Loans, and who does not specify or request where to apply the payment, to any existing Loan accounts. | |
| 5.3 | TEACH Grant | Payment | Servicer will exclude TEACH Grants when processing payments via automatic debit. | |
| 5.4 | TEACH Grant | Payment | Servicer will allow borrowers to prepay, will manage any payments that could not be immediately applied to a borrower's/recipient's account, and initiate borrower/recipient refund requests. | |
| 5.5 | TEACH Grant | Payment | If a payment is received, specifically directed to a TEACH Grant, Servicer will send a letter informing the recipient that payments cannot be applied to TEACH Grants and asking if the recipient wants to convert the Grant into a loan. | |
| 5.6 | TEACH Grant | Payment | If a payment is received and the recipient specifically requests that the payment be applied to a TEACH Grant, and the effective date of the payment is equal to or less than 120 days of the date of disbursement, the payment will be processed as a cash cancellation, will follow the same procedures for processing cash cancellations on Direct Loans, and will generate a unique financial accounting transaction to FMS. | |
| 5.7 | TEACH Grant | Payment | If a payment is received and the recipient specifically requests that the payment be applied to a TEACH Grant, and the effective date of the payment is greater than 120 days of the date of disbursement, Servicer will suspend the payment and refund or apply the payment amount based upon the result of contact with the recipient. | |
| 6.0 | TEACH Grant | Discharge | Servicer will discharge TEACH Grant obligations | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 6.1 | TEACH Grant | Discharge | If the recipient becomes disabled. | |
| 6.2 | TEACH Grant | Discharge | In the event of the grant recipient's death | |
| 6.3 | TEACH Grant | Discharge | Based on qualifying active duty military service in excess of the maximum three year suspension period. | |
| 6.3.1 | TEACH Grant | Discharge | A grant recipient may receive a one year discharge of his or her service obligation if a call or order to active duty status is for more than three years; two-year discharge of his or her service obligation if a call or order to active duty status is for more than four years; three-year discharge of his or her service obligation if a call or order to active duty status is more than five years; or full discharge of his or her service obligation if a call or order to active duty status is more than six years. | |
| 6.3.2 | TEACH Grant | Discharge | A grant recipient must provide a written statement from the commanding or personnel officer certifying that the grant recipient is on active duty in the Armed Forces of the United States; date which the grant recipient's service began and expected to end; or a copy of the grant recipient's official military orders and copy of the grant recipient's military identification. | |
| 6.3.3 | TEACH Grant | Discharge | Based on a request for a military discharge, the servicer notifies the grant recipient of the outcome of the discharge request. For the portion on the service obligation that remains, the grant recipient remains responsible for fulfilling his or her service obligation. | |
| 7.0 | TEACH Grant | Accounting | Servicer will provide financial reporting to FMS | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 7.1 | TEACH Grant | Accounting | Servicer will provide financial reporting to FMS by uniquely identifying TEACH Grants via the Credit Reform Code. | |
| 7.2 | TEACH Grant | Accounting | Servicer will report TEACH Grant disbursements and adjustments and potential interest that accrues to FMS during in school status. | |
| 7.3 | TEACH Grant | Accounting | Servicer will store all disbursement adjustment amounts applied due to adjustments from COD for TEACH Grants. | |
| 7.4 | TEACH Grant | Accounting | Servicer will send record to COD to provide notification each time a cash cancellation has been processed on a TEACH Grant. | |
| 7.5 | TEACH Grant | Accounting | Servicer will send a separate transaction to FMS to report interest accrued at the time an applied booking transaction is processed on a borrower account when the effective date of the disbursement is prior to the accrued through date on the servicing system for TEACH Grants. | |
| 7.6 | TEACH Grant | Accounting | Servicer will send a separate transaction to FMS to report accrued interest associated with the posting of a disbursement transaction to a borrower account (if applicable) for all TEACH Grants. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|--------|-------------|-------------------|--|---|
| 7.6.1 | TEACH Grant | Accounting | Servicer will establish processes to correctly record all transactions on their database and to post summary transactions to FMS on the same business day they are generated for all TEACH Grant activity. | |
| 7.6.2 | TEACH Grant | Accounting | Servicer will ensure every financial transaction that can be applied on TEACH Grants on their system is mapped to a corresponding FMS summary transaction code. | |
| 7.6.3 | TEACH Grant | Accounting | Servicer will ensure that all servicer transactions for all TEACH Grant activity are accurately translated (mapped) from the Servicer's subsidiary ledger to FMS. | |
| 7.6.4 | TEACH Grant | Accounting | Servicer will ensure every financial transaction posted on TEACH Grant recipient accounts on their system shall also be sent as equivalent FMS summary transactions in the same day's G/L summary file for posting in FMS. | |
| 7.6.5 | TEACH Grant | Accounting | Servicer will provide an audit trail that efficiently links their detailed transactions in the subsidiary ledger to summarized transactions in FSA's general ledger for all TEACH Grant activity. | |
| 7.6.6 | TEACH Grant | Accounting | Servicer will ensure that all servicer transactions and FMS summary transactions for all TEACH Grant activity include all fields as required by FMS and all amounts applicable to each transaction type. | |
| 7.6.7 | TEACH Grant | Accounting | Servicer will send financial data to FMS on a daily, weekly (if applicable) and monthly basis for all daily, weekly, and monthly activity that is posted on the servicing system for all TEACH Grant activity. | |
| 7.6.8 | TEACH Grant | Accounting | Servicer will use FSA's secure SAIG mailbox to send daily, weekly, and monthly files containing TEACH Grant activity to FMS for processing. | |
| 7.6.9 | TEACH Grant | Accounting | Servicer will use the FMS G/L Summary File crosswalk mapping that will be provided by FSA CFO FMS for sending TEACH Grant activity to FMS. | |
| 7.6.10 | TEACH Grant | Accounting | Servicer will, on a daily basis, reconcile all daily posting activity at the detail servicing transaction code level to the FMS summary transactions being sent to FMS in the G/L summary file for TEACH Grants. | |
| 7.6.11 | TEACH Grant | Accounting | Servicer shall perform a monthly reconciliation between Servicing Trial Balance by Portfolio and FMS trial balance for each individual balance sheet account (balances and activity) for all TEACH Grants. | |
| 7.6.12 | TEACH Grant | Accounting | Servicer will ensure TEACH Grants and TEACH Grants that have been converted to Direct Unsubsidized Loans will be reported separately. | |
| 7.6.13 | TEACH Grant | Accounting | Servicer will produce daily cumulative Work in Process reporting by interfacing system/source and by Loan Program for all financial activity associated with TEACH Grants. | |
| 7.6.14 | TEACH Grant | Accounting | Servicer will produce daily summary posting reports at the internal transaction code level and at the FMS summary transaction code level by interfacing system/source and by loan Program for all financial transaction activity that is applied to borrower accounts on TEACH Grants and sent to FMS in the daily G/L summary file. | |
| 7.6.15 | TEACH Grant | Accounting | Servicer will produce monthly summary posting reports at the internal transaction code level and at the FMS summary transaction code level by interfacing system/source and by Loan Program for all financial transaction activity that was applied to borrower accounts on TEACH Grants within each month, including all interest accruals. | |
| 8.0 | TEACH Grant | Federal Transfers | Servicer will receive the Federal Servicer Loan Transfer File TEACH Grant Record (Record 19 and Record 20) data elements (TEACH Grant Records to Loan Transfer Files) in accordance with the Loan Transfer File Layout Version 4.0 use instructions, applicable data field conditional requirements, valid values, formats, and definitions. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 9.0 | TEACH Grant | Consolidation | Servicer will certify loan payoff information required for Loan Verification Certification (LVC) requests, excluding TEACH Grants. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 10.0 | TEACH Grant | TPD | Servicer will temporarily stop servicing (suspense/suspended) TEACH Grants when a request for Total and Permanent Disability has been received. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 10.1 | TEACH Grant | TPD | Servicer will leave TEACH Grant borrowers, that are suspended due to a request for disability, in a TEACH Grant status even though they are in suspense. | |
| 10.2 | TEACH Grant | TPD | Servicer will uniquely identify accounts where the TEACH Grant has been suspended due to a request for disability. | |
| 10.3 | TEACH Grant | TPD | Servicer will no longer send any communication to the borrower once a TEACH Grant or TEACH Grant that has been converted to an Unsubsidized Loan is placed in suspense. | |
| 10.4 | TEACH Grant | TPD | Servicer will not transfer TEACH Grant to TPD once placed in suspense due to a request for Total and Permanent Disability discharge. | |
| 11.0 | TEACH Grant | DMCS | Servicer will receive notification from DMCS when a TEACH Grant POVR or a TEACH Grant POVR adjustment is received by DMCS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|-------|-------------|----------------|--|---|
| 11.1 | TEACH Grant | DMCS | Servicer will receive the amount of the overpayment along with the Loan/Award ID and recipient's SSN in the notification from DMCS for a TEACH Grant POVR that is received by DMCS. | |
| 11.2 | TEACH Grant | DMCS | Servicer will receive the amount of the overpayment adjustment along with the Loan/Award ID and recipient's SSN in the notification from DMCS for a TEACH Grant POVR that is received by DMCS. | |
| 11.3 | TEACH Grant | DMCS | Servicer will apply financial adjustments to TEACH Grants for TEACH Grant POVR activity received from DMCS. | |
| 11.4 | TEACH Grant | DMCS | Servicer will adjust the TEACH Grant balance downward by the amount of a TEACH Grant POVR as reported by DMCS. | |
| 11.5 | TEACH Grant | DMCS | Servicer will adjust the TEACH Grant balance upward or downward by the amount of a TEACH Grant POVR adjustment as reported by DMCS. | |
| 11.6 | TEACH Grant | DMCS | Servicer will use a unique, non-cash adjustment transaction different from a disbursement adjustment transaction (to distinguish receipt from a non-originating source) when adjusting a TEACH Grant balance based on a TEACH Grant POVR or TEACH Grant POVR adjustment. | |
| 11.7 | TEACH Grant | DMCS | Servicer will use a unique, non-cash adjustment reversal transaction when reversing adjustments that were applied to a TEACH Grant based on a TEACH Grant POVR or TEACH Grant POVR adjustment. | |
| 11.8 | TEACH Grant | DMCS | Servicer will report financial adjustments applied to TEACH Grants based on TEACH Grant POVR activity received from DMCS. | |
| 11.9 | TEACH Grant | DMCS | Servicer will provide financial reporting to FMS upon the processing of an adjustment or adjustment reversal to a TEACH Grant due to a TEACH Grant POVR/POVR reversal. | |
| 11.10 | TEACH Grant | DMCS | Servicer will provide system balancing reporting upon the receipt of TEACH Grant POVR activity from DMCS. | |
| 12.0 | TEACH Grant | Correspondence | Servicer will create TEACH correspondence | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.1 | TEACH Grant | Correspondence | Servicer will provide the ability to regenerate on-demand, any notice that has been previously generated to a TEACH Grant borrower. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.2 | TEACH Grant | Correspondence | Servicer will send correspondence to inform a borrower/recipient of the discharge of his or her student loan(s)/TEACH Grant(s). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.3 | TEACH Grant | Correspondence | The Notice of Loan/TEACH Grant Discharge correspondence will be sent when a borrower's /recipient's loan is discharged. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.4 | TEACH Grant | Correspondence | The Notice of Loan/TEACH Grant Discharge correspondence will be sent to inform a deceased recipient's/borrower's estate that the borrower's/recipient's loans have been discharged. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.5 | TEACH Grant | Correspondence | Servicer will generate/send the Notice of Incomplete or Missing Documents when a loan/TEACH Grant holder submits a loan/TEACH Grant for disability discharge with incomplete or missing documentation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.6 | TEACH Grant | Correspondence | Servicer will generate, send, and provide electronically upon request the TEACH Grant Welcome Correspondence to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.7 | TEACH Grant | Correspondence | Servicer will supply the following financial information on initial and subsequent TEACH Grant Welcome Correspondence: Award ID, School, Disbursement Amount, Most Recent Date Disbursed, Potential Fixed Interest Rate, and adjustment activity from the receipt of the disbursement until it is generated. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.8 | TEACH Grant | Correspondence | Servicer will include text on the TEACH Grant Welcome Correspondence that will advise TEACH Grant recipients of their teaching obligations and provide them with general TEACH Grant Program information along with contact information. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.9 | TEACH Grant | Correspondence | Servicer will generate the TEACH Grant Welcome Correspondence when a new disbursement for a new TEACH Grant is received by the servicer, following the servicer's receipt of the disbursement activity, and when a subsequent disbursement for an existing TEACH Grant is received. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.10 | TEACH Grant | Correspondence | Servicer will generate and send the TEACH Grant Disbursement Adjustment Made Correspondence to TEACH Grant recipient. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.11 | TEACH Grant | Correspondence | Servicer will generate and send the TEACH Grant Disbursement Date Change Correspondence to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.12 | TEACH Grant | Correspondence | Servicer will send the Annual Certification Request Form to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.13 | TEACH Grant | Correspondence | For grant recipients who did not complete the program for which they received a TEACH Grant: If the recipient does not certify that he or she is teaching, or that he or she is not teaching but intends to fulfill the service obligation, another notice will be sent 120 days after separation warning the recipient that the grant will convert to a loan. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.14 | TEACH Grant | Correspondence | For grant recipients who did not complete the program for which they received a TEACH Grant: If certification has not been received by the 150th day after separation, the grant will be converted to a loan and a notice will be sent to the borrower. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |

Attachment B - TEACH Grant Requirements

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|-------|-------------|----------------|---|---|
| 12.15 | TEACH Grant | Correspondence | Servicer will send the Consequence-Failure to Reaffirm Loan(s)/TEACH Grant(s) discharged in Disability correspondence to inform the borrower/recipient of the consequences of failing to reaffirm a loan/TEACH Grant discharged in disability. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.16 | TEACH Grant | Correspondence | Servicer will send the Annual Certification Request for Additional Information notice to TEACH Grant recipients when an annual certification has been denied and/or when additional information is needed to determine if a recipient met his/her obligations for the annual certification. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.17 | TEACH Grant | Correspondence | Servicer will send the TEACH Grant Interest Notice correspondence to notify the recipient of the total potential interest that has accrued from the date of disbursement at quarter end, and list the TEACH Grant activity on the recipient's account during that quarter. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.0 | TEACH Grant | Reporting | Servicer will generate and provide the TEACH Grant School Location report for delivery to FSA/CFO as a part of the TEACH Grant monthly reconciliation package and for on-demand generation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.1 | TEACH Grant | Reporting | Servicer will generate and provide the TEACH Grant Subject report for delivery to FSA/CFO as a part of the TEACH Grant monthly reconciliation package and for on-demand generation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.2 | TEACH Grant | Reporting | Servicer will report loan/TEACH Grant portfolio data to NSLDS in accordance with the most current version of the Federal Direct Loan Program (FDLP) Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.3 | TEACH Grant | Reporting | Servicer will report to NSLDS when TEACH Grants have been converted into Direct Unsubsidized Loans in accordance with the most current Federal Direct Loan Program (FDLP) Data Provider Instruction (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.4 | TEACH Grant | Reporting | Servicer will report to NSLDS when TEACH Grants that have been converted to Direct Unsubsidized Loans are un-converted back into TEACH Grants in accordance with the most current Federal Direct Loan Program (FDLP) Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.5 | TEACH Grant | Reporting | Servicer will report on Direct Loans and TEACH Grants in its portfolio until those Direct Loans and TEACH Grants are closed or transferred to another party and such information has been accepted by NSLDS in accordance with the Federal Direct Loan Program (FDLP) Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.6 | TEACH Grant | Reporting | Servicer will report to NSLDS when TEACH Grants have been reinstated from TPD in accordance with the most current Federal Direct Loan Program (FDLP) Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.7 | TEACH Grant | Reporting | Servicer will report to NSLDS when TEACH Grants that have been converted to Direct Unsubsidized Loans have been reinstated from TPD in accordance with the most current Federal Direct Loan Program (FDLP) Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 14.0 | TEACH Grant | Web | Servicer will provide the ability for recipient to access TEACH Grant information electronically. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 14.1 | TEACH Grant | Web | Servicer will allow a recipient to certify intent to satisfy his/her TEACH Grant service obligation(s) via the servicer website. | |

SCHEDULE Continued

| ITEM NO. | SUPPLIES/SERVICES | QUANTITY | UNIT | UNIT PRICE \$ | AMOUNT \$ |
|----------|--|----------|------|---------------|------------|
| | <p>Contracting Officer: Soo Kang, 202-377-3798, soo.kang@ed.gov</p> <p>Primary Contracting Officer Representative: Tammy Connelly, 202.377.3298, tammy.connelly@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point of Contact(s): None</p> <p>Period of Performance: 12/20/2012 - 06/16/2014</p> <p>Pennsylvania Higher Education Assistance Agency (PHEAA) Servicing of TEACH Grants</p> | | | | |
| 0001 | <p>PHEAA to provide servicing for TEACH Grants @ \$1.05 per borrower per month, for the first month of servicing.</p> <p>Accounting and Appropriation Data: 0202M2013.A.2013.ENB00000.6N5.2521A.ACB.000.0000.000000 \$250,000.00</p> | 1.00 | SE | 250,000.00 | 250,000.00 |
| 0002 | <p>Development - Not Separately Priced (NSP)</p> <p>Accounting and Appropriation Data: 0202M2013.A.2013.ENB00000.6N5.2521A.ACB.000.0000.000000 \$0.00</p> | 1.00 | SE | 0.00 | 0.00 |

| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | | | | 1. Contract ID Code | | Page of Pages | |
|---|--|--|--|--|--|---|---|
| | | | | | | 1 | 9 |
| 2. AMENDMENT MODIFICATION NO. <div style="text-align: center;">0076</div> | | 3. EFFECTIVE DATE <div style="text-align: center;">DEC 08, 2014</div> | | 4. REQUISITION/PURCHASE REQ. NO. | | 5. PROJECT NO. (if applicable) | |
| 6. ISSUED BY United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202 Amber Jones 202-377-3873 Amber.Jones@ed.gov | | | | 7. ADMINISTERED BY (If other than item 6) CODE See Block 6 | | | |
| 8. NAME AND ADDRESS OF CONTRACTOR (NO., Street, Country, State and ZIP Code) HIGHER EDUCATION ASSISTANCE AGENCY, PENNSYLVANIA DUNS: 007368103 1200 NORTH 7TH STREET FINANCIAL MANAGEMENT 5TH FLOOR HARRISBURG PA 171021444 Cage Code: 41UK7 | | | | (x) | | 9A. AMENDMENT OF SOLICITATION NO. | |
| | | | | | | 9B. DATED (SEE ITEM 11) | |
| | | | | X | | 10A. MODIFICATION OF CONTRACT/ORDER NO. ED-FSA-09-D-0014 | |
| CODE 00030774 | | | | FACILITY CODE | | 10B. DATED (SEE ITEM 13) JUN 17, 2009 | |
| 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS | | | | | | | |
| <input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OR OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. | | | | | | | |
| 12. ACCOUNTING AND APPROPRIATION DATA (If required) See Schedule | | | | | | | |
| Modification Amount: \$0.00 Modification Obligated Amount: \$0.00 | | | | | | | |
| 13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14. | | | | | | | |
| Check One | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. | | | | | | |
| | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). | | | | | | |
| X | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: 52.212-4(c), Changes (TAILORED) | | | | | | |
| | D. OTHER (Specify type of modification and authority) | | | | | | |
| E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copies to the issuing office. | | | | | | | |
| 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible) The purpose of Modification 0076 to Contract Number ED-FSA-09-D-0014 is to incorporate the attached, revised TEACH Grant Servicing Requirements, into Section C (Statement of Objectives) of the Base IDIQ Contract. All other terms and conditions remain unchanged. Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect. | | | | | | | |
| 15A. NAME AND TITLE OF SIGNER (Type or print) <i>Daniel C. Weigle</i> <i>Vice President, Federal Servicing</i> | | | | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Karen Gibson 202-377-4381 karen.gibson@ed.gov | | | |
| 15B. CONTRACTOR/OFFEROR <div style="border: 1px solid black; height: 30px; width: 100%; text-align: center;">(b)(6)</div> (Signature of person authorized to sign) | | 15C. DATE SIGNED <i>12/8/14</i> | | 16B. UNITED STATES OF AMERICA <div style="border: 1px solid black; height: 30px; width: 100%; text-align: center;">(b)(6)</div> (Signature of Contracting Officer) | | 16C. DATE SIGNED <div style="text-align: center;">DEC 08, 2014</div> | |

Attachment Page

TEACH Grant Requirements Version 4.0--November 25, 2014

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|--------|-------------|------------------|---|--|
| 1.0 | TEACH Grant | Accept & Process | Server will accept and process TEACH Grant transaction data received from COD. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 1.1 | TEACH Grant | Accept & Process | Server will accept TEACH Grant transaction data received in exclusive transmission files using a unique interface ID received from COD. | |
| 1.2 | TEACH Grant | Accept & Process | Server will process TEACH Grant transaction data contained in transmission files received from COD. | |
| 1.3 | TEACH Grant | Accept & Process | Server will send acknowledgements and error transactions to COD when TEACH Grant transaction data is processed. | |
| 1.4 | TEACH Grant | Accept & Process | Server will accept and process amount adjustments and apply disbursement date changes on TEACH Grants disbursements based on disbursement adjustment transactions received from COD. | |
| 2.0 | TEACH Grant | Load | Server will load TEACH Grants. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 2.1 | TEACH Grant | Load | Server will uniquely identify and track separately TEACH Grants from Direct Loans. | |
| 2.2 | TEACH Grant | Load | Server will uniquely identify TEACH Grants while the recipient is in an In-School status. | |
| 2.3 | TEACH Grant | Load | Server will track TEACH Grants with different separation dates separately. | |
| 2.4 | TEACH Grant | Load | Server will assign same interest rate as Direct Unsubsidized Stafford Loans to TEACH Grants based on grant disbursement date. | |
| 2.5 | TEACH Grant | Load | Server will accrue "potential" interest from the disbursement date of record for TEACH Grants. | |
| 3.0 | TEACH Grant | Service | Server will service TEACH Grants while grant recipients are in school. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.1 | TEACH Grant | Service | Server will notify TEACH Grant recipients at least quarterly about the amount of interest that has accrued on their TEACH Grant disbursements and the obligation to repay that interest along with the amount disbursed. They fail to fulfill their teaching obligations. | |
| 3.2 | TEACH Grant | Service | Server will calculate interest from the grant disbursement date at the same rate as Direct Unsubsidized loan. | |
| 3.3 | TEACH Grant | Service | Server will NOT accept payments for TEACH Grants while in grant status. If a payment is received during grant status, the payment is returned to the recipient with notification as to why the payment cannot be applied; a TEACH Grant payment cannot be applied to any other loans. | |
| 3.4 | TEACH Grant | Service | TEACH Grant refunds shall be included in monthly reconciliation requests. | |
| 3.5 | TEACH Grant | Service | A grant recipient can request a TEACH Grant be converted to a Direct Unsubsidized Loan at anytime. | |
| 3.6 | TEACH Grant | Service | Server will service TEACH Grants upon a grant recipient's graduation or separation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.6.1 | TEACH Grant | Service | A TEACH Grant recipient must complete a service obligation for each program of study for which they received a TEACH Grant. | |
| 3.6.2 | TEACH Grant | Service | Server will track service obligation periods for each TEACH Grant-eligible program of study (undergraduate versus graduate with different separation dates) separately. | |
| 3.6.3 | TEACH Grant | Service | Server will manage the certification process for a grant recipient that has graduated or separated from the TEACH Grant eligible program of study and has not started teaching. | |
| 3.7 | TEACH Grant | Service | Grant recipients must certify, within 120 days of completing or otherwise ceasing to be enrolled in the program for which they received a TEACH Grant, that (1) they are performing qualifying teaching service or (2) they are not yet teaching, but intend to fulfill the service obligation. This requirement applies both to students who completed the program as well as to students who left the program before completing it. For students who completed the program for which they received a TEACH Grant, but who have not yet begun teaching, there is a requirement to annually certify their intent to fulfill the service obligation. The annual certification requirement applies only to students who completed the program for which they received a TEACH Grant. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.7.1 | TEACH Grant | Service | Server will send a notice to grant recipients 75 days after separation, reminding them to submit the required certification within 45 days (by day 120). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.8 | TEACH Grant | Service | For grant recipients who did not complete the program for which they received a TEACH Grant: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.8.1 | TEACH Grant | Service | If the student does not certify that he or she is teaching, or that he/she is not teaching but intends to fulfill the service obligation, another notice will be sent 120 days after separation warning the recipient that the grant will convert to a loan. | |
| 3.8.2 | TEACH Grant | Service | If certification has not been received by the 120 th day after separation, the grant will be converted to a loan and a notice will be sent to the borrower. | |
| 3.9 | TEACH Grant | Service | The server must have the capability of adjusting the start date of the 8-year clock for a student if we (FSA) determine that a particular student ceased enrollment in a TEACH-eligible program prior to ceasing enrollment at the school (exception process). | |
| 3.9.1 | TEACH Grant | Service | For grant recipients who COMPLETED the program for which a TEACH Grant was received, but have not begun teaching, loan conversion occurs if they do not annually certify their intent to fulfill the service obligation. | |
| 3.9.2 | TEACH Grant | Service | For grant recipients who COMPLETED the program for which a TEACH Grant was received, but have not begun teaching, loan conversion occurs if they do not annually certify their intent to fulfill the service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.10 | TEACH Grant | Service | Server will manage the TEACH Grant Certification Process for a recipient that has not started teaching. | |
| 3.10.1 | TEACH Grant | Service | Server will track and store a record of each academic year a TEACH Grant recipient responds to the certification request that they are not yet teaching, but intend to fulfill their TEACH Grant service obligation. | |
| 3.10.2 | TEACH Grant | Service | If a TEACH Grant recipient graduates, server will send the initial Annual Certification Cover Letter along with the Annual Certification Request Form to the TEACH Grant recipient a minimum of 30 days prior to the certification due date. | |
| 3.10.3 | TEACH Grant | Service | Server will send the Annual Certification Request Form to a TEACH Grant recipient annually. | |
| 3.10.4 | TEACH Grant | Service | Server will convert a recipient's TEACH Grants into Direct Unsubsidized Loans when no response has been received within 30 days of the date the final Certification Request is sent. Server will send the TEACH Grant Conversion Confirmation notice to recipient in this event. | |
| 3.10.5 | TEACH Grant | Service | Server will send a Follow-up Certification letter to a TEACH Grant recipient when no response has been received within 30 days or less following the generation of the Annual Certification Request. | |
| 3.10.6 | TEACH Grant | Service | Server will send a final certification request to a TEACH Grant recipient when no response has been received in 30 days or less following the generation of the follow-up certification request. | |
| 3.10.7 | TEACH Grant | Service | REMOVED | |
| 3.11 | TEACH Grant | Service | Server will service TEACH Grants while recipients are completing their service obligation once employed as a teacher. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |

Attachment Page

TEACH Grant Requirements Version 4.0 - November 25, 2014

| | | | | |
|--------|-------------|---------|---|--|
| 3.11.1 | TEACH Grant | Service | <p>Service will collect and track annually evidence of teaching for each academic year of service from their grant recipient. The annual certification date will be one year from the recipient's graduation date.</p> <p>Service will track and store the subject(s) a TEACH Grant recipient is teaching in: (1) Bilingual education and English language acquisition; (2) Foreign language; (3) Mathematics; (4) Reading specialist; (5) Science; (6) Special education; and (7) Any other field that has been identified as high-need by the Federal Government, a State government, or a local education agency (LEA), and approved by the Secretary and listed in the U.S. Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List).</p> | |
| 3.11.2 | TEACH Grant | Service | <p>Upon completion of each academic year of service, the grant recipient must submit certification by a chief administrative officer of the school or educational service agency.</p> <p>Grant recipient must serve in a federally designated low-income school. A school qualifies as low-income in subsequent years for the purpose of completing service obligations, if the school that the recipient is teaching at meets the requirements of a low-income school during the first year of employment and fails in subsequent years.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.12 | TEACH Grant | Service | <p>Grant recipient must teach in a high-need field. A field is considered high-need as listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List).</p> | |
| 3.12.1 | TEACH Grant | Service | <p>A grant recipient may satisfy the requirement to teach in a high-need field if he or she (1) teaches in a field designated as high-need in the Nationwide List for the state in which the grant recipient is teaching at the time he or she begins teaching, or (2) beginning with the 2010-2011 school year, teaches in a field that was designated as high-need in the Nationwide List for the state in which the grant recipient is teaching for any award year in which the student received a TEACH Grant, even if the high-need field is no longer designated as high-need for that state when the grant recipient begins teaching.</p> | |
| 3.12.2 | TEACH Grant | Service | <p>Grant recipient must serve as a full-time teacher for a total of 4 academic years within an 8-year time frame.</p> <p>Grant Recipient is teaching part-time at two qualifying schools during an academic year and can demonstrate that the combined teaching was equivalent of full-time.</p> <p>Service will count the following situations as a full academic year when considering the completion of TEACH Grant service requirements, if the recipient completes at least one-half of an academic year and the school employer considers the recipient to have fulfilled their contractual obligation for the full academic year, although the recipient is unable to complete the full academic year of teaching before:</p> | |
| 3.12.3 | TEACH Grant | Service | <p>Of a condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA) See 34 CFR 605.40(a)(1).</p> | |
| 3.12.4 | TEACH Grant | Service | <p>A call or order to active duty status for more than 30 days in connection with a war, military operation, or national emergency.</p> | |
| 3.12.5 | TEACH Grant | Service | <p>Service will adjust a recipient's TEACH Grant Service Obligation Tracking Period End Date by the number of months spent in a Tracking Suspension.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.13 | TEACH Grant | Service | <p>When a recipient has completed or separated from their TEACH Grant eligible program, service shall allow a TEACH Grant recipient the ability to suspend the tracking of their eight-year teaching obligation period as a result of one of the following conditions:</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.14 | TEACH Grant | Service | <p>Enrollment in another TEACH Grant-eligible program (example: graduate program) or enrollment in a program that has been determined by a state to satisfy the requirements for certification/licensure to teach in the state's elementary or secondary schools.</p> | |
| 3.14.1 | TEACH Grant | Service | <p>A condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA) See 34 CFR 605.40(a)(1).</p> | |
| 3.14.2 | TEACH Grant | Service | <p>A call or order to active duty status for more than 30 days in connection with a war, military operation, or national emergency.</p> | |
| 3.14.3 | TEACH Grant | Service | <p>This suspension of tracking the obligation period will be granted in one-year increments, but cannot exceed six years (4 years combined for qualifying enrollment/licensing, FMLA, and 3 years for military service). A grant recipient who has completed or who has otherwise ceased enrollment in a TEACH Grant eligible program for which he or she received TEACH Grant funds and has exceeded the maximum three-year suspension period allowed for military service may qualify for a proportional discharge of his or her service obligation due to an extended call or order to active duty status. A grant recipient, who meets this condition, must apply for a military discharge in writing.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.15 | TEACH Grant | Service | <p>The grant recipient must request a suspension of the period for completing the service obligation prior to being subject to any of the conditions that would cause the grant to be converted to a loan.</p> | |
| 3.15.1 | TEACH Grant | Service | <p>Service will allow TEACH Grant recipients to suspend tracking of their teaching obligation due to military service for no more than a total of three years (separate from the combined maximum 3-year allowance for enrollment in an eligible program of study or for conditions that qualify for leave under the Family Medical Leave Act (FMLA)).</p> | |
| 3.15.2 | TEACH Grant | Service | <p>Service will inform TEACH Grant recipients that tracking of their teaching obligation can be suspended for no more than a total of three years for military service.</p> | |
| 3.15.3 | TEACH Grant | Service | <p>Service will require TEACH Grant recipients to request suspension of their teaching obligations in writing, prior to one of the conditions that could cause their TEACH Grants to be converted into Direct Unsubsidized Loans.</p> | |
| 3.15.4 | TEACH Grant | Service | <p>Service will inform TEACH Grant recipients that suspension of their teaching obligations must be requested, in writing, prior to one of the conditions that could cause their TEACH Grants to be converted into Direct Unsubsidized Loans.</p> | |
| 3.15.5 | TEACH Grant | Service | <p>Service will suspend the tracking of a recipient's eight-year Service Obligation Tracking Period as a result of an approved Suspension Request (suspension to be granted in 3-year increments).</p> | |
| 3.15.6 | TEACH Grant | Service | <p>Service will limit the application of a suspension to six years (3 years combined for qualifying enrollment/licensing, FMLA, and 3 years for military service).</p> | |
| 3.15.7 | TEACH Grant | Service | <p>Service will uniquely identify TEACH Grant recipients who have received a Tracking Suspension.</p> | |
| 3.15.8 | TEACH Grant | Service | <p>Service will evaluate a TEACH Grant recipient's ability to satisfy his/her TEACH Grant service obligations.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.16 | TEACH Grant | Service | <p>Service will evaluate the TEACH Grant recipient's ability to satisfy his/her TEACH Grant service obligation starting at the beginning of the 5th year from the TEACH Grant Service Obligation Tracking Period Start Date and annually thereafter.</p> | |
| 3.16.1 | TEACH Grant | Service | <p>Service will determine whether or not it is appropriate for a TEACH Grant recipient to satisfy his/her TEACH Grant service obligations prior to reaching the TEACH Grant Service Obligation Tracking Period End Date.</p> | |
| 3.16.2 | TEACH Grant | Service | <p>Service will determine whether or not it is appropriate for a TEACH Grant recipient to satisfy his/her TEACH Grant service obligations prior to reaching the TEACH Grant Service Obligation Tracking Period End Date.</p> | |

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| 3.16.3 | TEACH Grant | Service | Certification of a recipient's intent to TEACH will initiate conversion if there is no longer enough time remaining to satisfy the 4-year teaching agreement by the service obligation end date. | |
| 3.16.4 | TEACH Grant | Service | Service will convert TEACH Grants into Direct Unsubsidized Loans for a recipient who has been determined to not be able to satisfy his/her TEACH Grant service obligations within the remaining time frame. | |
| 3.17 | TEACH Grant | Service | Service will generate the TEACH Grant Conversion Confirmation notice to notify a TEACH Grant recipient when his/her TEACH Grants are converted into Direct Unsubsidized Loans. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.18 | TEACH Grant | Service | Service will validate a TEACH Grant recipient's teaching service to determine if they have been satisfied according to the Agreement to Serve (ATS). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.19 | TEACH Grant | Service | Service will uniquely identify TEACH Grants where the recipient has satisfied his/her TEACH Grant service obligations in accordance with the Agreement to Serve (ATS). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.20 | TEACH Grant | Service | Service will confirm that all service requirements have been satisfied for TEACH Grant service obligations. (NO prorated forgiveness will be given as the TEACH Grant recipient is required to meet all TEACH Grant service obligations as outlined in the Agreement to Serve (ATS)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.21 | TEACH Grant | Service | Service will conclude verification and tracking activities when a TEACH Grant recipient has satisfied his/her TEACH Grant service obligations. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.22 | TEACH Grant | Service | Service will reduce the balance of TEACH Grants to zero when the recipient has satisfied his/her TEACH Grant service obligations in accordance with the Agreement to Serve (ATS). (NO prorated forgiveness will be given as the TEACH Grant recipient is required to meet all TEACH Grant service obligations outlined in the Agreement to Serve (ATS)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.23 | TEACH Grant | Service | Upon a recipient's satisfaction of his/her service obligation, the Service will generate a unique financial accounting transaction to FMS to report the reduction of the TEACH Grant balance to zero for the principal and interest amount funds. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.24 | TEACH Grant | Service | Service will report TEACH Grants with a satisfied status to NSDS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.25 | TEACH Grant | Service | Service will send the TEACH Grant Service Obligation Notice-Satisfied Confirmation notice when recipient has satisfied his/her service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.26 | TEACH Grant | Service | Service will send the TEACH Grant Service Obligation Notice-Request for Additional Information notice when additional information is needed to determine if the recipient has satisfied his/her service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 3.27 | TEACH Grant | Service | Service will generate a unique financial accounting transaction to FMS to report the reversal of a TEACH Grant that was previously reported as satisfied to restore the balance for the principal and amount funds. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 4.0 | TEACH Grant | Conversion & Un-Conversion | Service will convert TEACH Grants into Direct Unsubsidized Loans. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 4.1 | TEACH Grant | Conversion & Un-Conversion | Service will convert a TEACH Grant to a Direct Unsubsidized Loan (TEACH) when a TEACH Grant recipient fails to carry out their service obligations. | |
| 4.2 | TEACH Grant | Conversion & Un-Conversion | The sum of the amounts of any TEACH Grants shall be converted to a Direct Unsubsidized loan subject to repayment including interest accrued from the date of the grant disbursement. | |
| 4.3 | TEACH Grant | Conversion & Un-Conversion | Service will convert a TEACH Grant to a Direct Unsubsidized Loan when a grant recipient requests conversion. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 4.3.1 | TEACH Grant | Conversion & Un-Conversion | Requests conversion. | |
| 4.3.2 | TEACH Grant | Conversion & Un-Conversion | Fails to certify within 120 days of ceasing enrollment prior to completing the TEACH Grant eligible program. | |
| 4.3.3 | TEACH Grant | Conversion & Un-Conversion | Within one year of ceasing enrollment prior to completing the TEACH Grant eligible program has not re-enrolled in a TEACH Grant eligible program, begun creditable teaching service or been determined eligible for a tracking suspension of the eight-year obligation period. | |
| 4.3.4 | TEACH Grant | Conversion & Un-Conversion | Completes a TEACH Grant eligible program but fails to certify annually/intention to satisfy service agreement. | |
| 4.3.5 | TEACH Grant | Conversion & Un-Conversion | Completes a TEACH Grant eligible program but fails to begin or maintain qualified employment within the timeframe to meet the eight-year obligation period. | |
| 4.4 | TEACH Grant | Conversion & Un-Conversion | Once a TEACH Grant has been converted to a Direct Unsubsidized loan (TEACH), the same business rules for Direct Unsubsidized Loans will apply. When a Direct Unsubsidized loan (TEACH) becomes greater than 360 days delinquent, the loan shall be transferred to DMCS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 4.5 | TEACH Grant | Conversion & Un-Conversion | A TEACH Grant converted to a Direct Unsubsidized loan can be consolidated. A TEACH Grant in grant status cannot be consolidated. | |
| 4.6 | TEACH Grant | Conversion & Un-Conversion | Once a TEACH Grant is converted to a Direct Unsubsidized loan (TEACH), it cannot be converted back to a grant unless it is an exception granted by FSA. A grant recipient whose TEACH Grant is converted to a loan receives a 6-month grace period before entering repayment. | |
| 4.7 | TEACH Grant | Conversion & Un-Conversion | TEACH Grants converted to Direct Unsubsidized Loans (TEACH) shall be serviced as any other Direct Loan. | |
| 4.8 | TEACH Grant | Conversion & Un-Conversion | TEACH Grants converted to Direct Unsubsidized Loans (TEACH) shall not be included in the borrower's annual loan limit or in the aggregate loan limit. | |
| 4.9 | TEACH Grant | Conversion & Un-Conversion | Service will include Direct Unsubsidized Loans (TEACH) in a borrower's total indebtedness when determining repayment plan eligibility and calculating payments. | |
| 4.10 | TEACH Grant | Conversion | Direct Unsubsidized Loans (TEACH) shall not be considered for the purpose of calculating and applying cohort default rates. | |
| 5.0 | TEACH Grant | Payment | Service will apply borrower payments. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 5.1 | TEACH Grant | Payment | Service will not apply borrower payments to TEACH Grants and will not apply any payments received specifically directed to a TEACH Grant to any of the recipient's other loans. | |
| 5.2 | TEACH Grant | Payment | Service will apply payment received from a Borrower/Recipient who has both TEACH Grants and loans, and who does not specify or request where to apply the payment, to any existing loan accounts. | |
| 5.3 | TEACH Grant | Payment | Service will exclude TEACH Grants when processing payments via automatic debit. | |
| 5.4 | TEACH Grant | Payment | Service will allow borrowers to prepay, will manage any payments that could not be immediately applied to a borrower's/recipient's account, and initiate borrower/recipient refund requests. | |
| 5.5 | TEACH Grant | Payment | If a payment is received, specifically directed to a TEACH Grant, Service will refund the payment and send a letter informing the recipient that payments cannot be applied to TEACH Grants. The letter should also describe the option of converting the grant to a loan, the consequences of doing so, and the actions the recipient must take in order for the conversion to take place. | |
| 5.6 | TEACH Grant | Payment | Service will not process cash cancellations on TEACH grants. See requirement 5.5 for handling of TEACH grant payments. | |
| 5.7 | TEACH Grant | Payment | Removed. | |
| 6.0 | TEACH Grant | Discharge | Service will discharge TEACH Grant obligations. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |

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| 6.1 | TEACH Grant | Discharge | If the recipient becomes disabled. | |
| 6.2 | TEACH Grant | Discharge | In the event of the grant recipient's death. | |
| 6.3 | TEACH Grant | Discharge | Based on qualifying active duty military service in excess of the maximum three year suspension period. | |
| 6.3.1 | TEACH Grant | Discharge | A grant recipient may receive a one year discharge of his or her service obligation if a call or order to active duty status is for more than three years; two year discharge of his or her service obligation if a call or order to active duty status is for more than four years; three year discharge of his or her service obligation if a call or order to active duty status is more than five years; or full discharge of his or her service obligation if a call or order to active duty status is more than six years. | |
| 6.3.2 | TEACH Grant | Discharge | A grant recipient must provide a written statement from the commanding or personnel officer certifying that the grant recipient is on active duty in the Armed Forces of the United States; date which the grant recipient's service began and expected to end; or a copy of the grant recipient's official military orders and copy of the grant recipient's military identification. | |
| 6.3.3 | TEACH Grant | Discharge | Based on a request for a military discharge, the servicer notifies the grant recipient of the outcome of the discharge request. For the portion of the service obligation that remains, the grant recipient remains responsible for fulfilling his or her service obligation. | |
| 6.4 | TEACH Grant | Discharge | Servicer will discharge TEACH grant upon fulfillment of service obligation. | |
| 6.5 | TEACH Grant | Discharge | Servicer will distinguish 4 TEACH grant discharge types on borrower accounts on their servicing system: 1-fulfillment of service obligation 2-death 3-disability, and 4-military service (full discharge or partial discharge that results in fulfillment of service obligation) | |
| 7.0 | TEACH Grant | Accounting | Servicer will provide financial reporting to FMS. | Provide correspondence, screen shots, or website display, as applicable to demonstrate sequence of events and processing steps. |
| 7.1 | TEACH Grant | Accounting | Servicer will provide financial reporting to FMS by uniquely identifying TEACH Grants via the Credit Reform Code. | |
| 7.2 | TEACH Grant | Accounting | Servicer will report TEACH Grant disbursements and adjustments and potential interest that accrues to FMS during in-school status. | |
| 7.3 | TEACH Grant | Accounting | Servicer will store all disbursement adjustment amounts applied due to adjustments from COD for TEACH Grants. | |
| 7.4 | TEACH Grant | Accounting | REMOVED | |
| 7.5 | TEACH Grant | Accounting | Servicer will send a separate transaction to FMS to report interest accrued at the time an applied Booking transaction is processed on a borrower account when the effective date of the disbursement is prior to the accrued through date on the servicing system for TEACH Grants. | |
| 7.6 | TEACH Grant | Accounting | Servicer will send a separate transaction to FMS to report accrued interest associated with the posting of a disbursement transaction to a borrower account (if applicable) for all TEACH Grants. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 7.6.1 | TEACH Grant | Accounting | Servicer will establish processes to correctly record all transactions on their database and to post summary transactions to FMS on the same business day they are generated for all TEACH Grant activity. | |
| 7.6.2 | TEACH Grant | Accounting | Servicer will ensure every financial transaction that can be applied on TEACH Grants on their system is mapped to a corresponding FMS summary transaction code. | |
| 7.6.3 | TEACH Grant | Accounting | Servicer will ensure that all servicer transactions for all TEACH Grant activity are accurately translated (mapped) from the servicer's subsidiary ledger to FMS. | |
| 7.6.4 | TEACH Grant | Accounting | Servicer will ensure every financial transaction posted on TEACH Grant recipient accounts on their system shall also be sent as equivalent FMS summary transactions in the same day's GL summary file for posting to FMS. | |
| 7.6.5 | TEACH Grant | Accounting | Servicer will provide an audit trail that efficiently links their detailed transactions in the subsidiary ledger to summarized transactions in FSA's general ledger for all TEACH Grant activity. | |
| 7.6.6 | TEACH Grant | Accounting | Servicer will ensure that all servicer transactions and FMS summary transactions for all TEACH Grant activity include all fields as required by FMS and all amounts applicable to each transaction type. | |
| 7.6.7 | TEACH Grant | Accounting | Servicer will send financial data to FMS on a daily, weekly (if applicable) and monthly basis for all daily, weekly, and monthly activity that is posted on the servicing system for all TEACH Grant activity. | |
| 7.6.8 | TEACH Grant | Accounting | Servicer will use FSA's secure SALS mailbox to send daily, weekly, and monthly files containing TEACH Grant activity to FMS for processing. | |
| 7.6.9 | TEACH Grant | Accounting | Servicer will use the FMS Q/L Summary File crosswalk mapping that will be provided by FSA CIO FMS for sending TEACH Grant activity to FMS. | |
| 7.6.10 | TEACH Grant | Accounting | Servicer will, on a daily basis, reconcile all daily posting activity at the detail servicing transaction code level to the FMS summary transactions being sent to FMS in the GL summary file for TEACH Grants. | |
| 7.6.11 | TEACH Grant | Accounting | Servicer shall perform a monthly reconciliation between Servicing Trial Balance by Portfolio and FMS Trial Balance for each individual finance sheet account (balances and activity) for all TEACH Grants. | |
| 7.6.12 | TEACH Grant | Accounting | Servicer will ensure TEACH Grants and TEACH Grants that have been converted to Direct Unsubsidized Loans will be reported separately. | |
| 7.6.13 | TEACH Grant | Accounting | Servicer will produce daily cumulative Work in Process reporting by interfacing system/source and by Loan Program for all financial activity associated with TEACH Grants. | |
| 7.6.14 | TEACH Grant | Accounting | Servicer will produce daily summary posting reports at the internal transaction code level and at the FMS summary transaction code level by interfacing system/source and by Loan Program for all financial transaction activity that is applied to borrower accounts on TEACH Grants and sent to FMS in the daily GL summary file. | |
| 7.6.15 | TEACH Grant | Accounting | Servicer will produce monthly summary posting reports at the internal transaction code level and at the FMS summary transaction code level by interfacing system/source and by Loan Program for all financial transaction activity that was applied to borrower accounts on TEACH Grants within each month, including all interest accruals. | |

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| | | | <p>Services will send to FMS both the TGCINV and TLGCINV transactions upon conversion of teach grants to teach loans. Upon conversion from Grant to Loan the transactions sent are TGCINV for negative PBO_AMT and IAB_AMT for exact outstanding loan balance at the time of conversion to reduce the Teach Grant balance to \$0 (with Loan Program TPG) and equal and offsetting TLGCINV for positive PBO_AMT and IAB_AMT to restate the same exact balances as a Teach Loan with Loan Program TPG. These offsetting portfolio balance changes must be simultaneous (cannot have balances in both statuses at the same time on the servicing system) and the transactions must be reported to FMS at the same time. The same for conversion reversal. Upon conversion from Loan to Grant the transactions sent are TLGCINV for negative PBO_AMT and IAB_AMT for exact outstanding loan balance at the time of conversion to reduce the Teach Loan balance to \$0 (with Loan Program TPG) and equal and offsetting TGCINV for positive PBO_AMT and IAB_AMT to restate the same exact loan balances as a Grant with Loan Program TPG. These offsetting transactions must be reported to FMS at the same time.</p> | |
| 7.70 | TEACH Grant | Accounting | | |
| 7.80 | TEACH Grant | Accounting | <p>Services will accept disbursement adjustments received on manual spreadsheets from FSA as determined by and/or verified by COD for adjustments on Teach Grants that have been identified during audits or by COD during post year close out activities.</p> <p>Services will accept disbursement adjustments from COD for Teach Grants after the Grants were converted to Teach Loans and those loans have been transferred to other servicers. Services will follow the existing manual spreadsheet process for sending the adjustments on to other servicers via FSA.</p> | |
| 7.90 | TEACH Grant | Accounting | <p>Services will accept disbursement adjustments from COD for Teach Grants that have been converted to Teach Loans. COD is unaware when a Teach Grant has been converted to a Teach Loan and COD has no requirement for accepting or retaining this information from the servicer. Services will accept disbursement adjustments as Loan Program TPG but will process the disbursement adjustment transactions to Loan Program TPG or will process the disbursement adjustment to Loan Program TPG and convert the balance to Loan Program TPG.</p> | |
| 7.10 | TEACH Grant | Accounting | <p>Services will process subsequent disbursements and new disbursements for borrowers under loan program TPG only. The Servicer will not send teach loan TPG DisBUR transactions to FMS.</p> | |
| 7.11 | TEACH Grant | Accounting | <p>Services will submit a COD to FMS reconciliation for teach grants separate from the COD to FMS reconciliation for direct loans that is currently performed for direct loans received from COD.</p> | |
| 7.12 | TEACH Grant | Accounting | <p>Services will submit to FMS the DISBUR transaction when GNCS informs the servicer of a teach grant overpayment that was set up in GNCS and the servicer has adjusted the teach grant or teach loan balance. The servicer will reduce the disbursement amount by the overpayment amount being serviced by GNCS and adjust accrued interest accordingly and submit the DISBUR transaction to FMS for this principal and interest activity.</p> | |
| 7.13 | TEACH Grant | Accounting | <p>Services will not send to FMS the STATCO transaction as this transaction is to record default status changes on servicing systems that service both defaulted and non-defaulted loans for which none yet exist.</p> | |
| 7.14 | TEACH Grant | Accounting | <p>Services will include loan program TPG and fund 429999 activity for teach grants in adjusting reconciliations.</p> | |
| 7.15 | TEACH Grant | Accounting | <p>Services will include loan program TPG transactions and teach grants received from COD in all system balancing reporting. The servicer will address system balancing issues by identifying equal and offsetting variances in the system balancing for DISBUR transactions received as loan program TPG and applied and reported to FMS as loan program TPG or as manually transferred out with loan program TPG.</p> | |
| 7.16 | TEACH Grant | Accounting | <p>Services will send loan program TPG DISBUR and DISAD transactions to FMS for loan grant disbursements and disbursement adjustments respectively received from COD. Services will adjust accrued interest on the Teach Grant to align with an adjustment (reducing interest for a downward adjustment and increasing interest for an upward adjustment) and report to FMS as INTRACC for IAB_AMT. The servicer will report the accrued potential interest on Teach Grants to FMS by sending the DISACC transaction under loan program TPG.</p> | |
| 7.17 | TEACH Grant | Accounting | <p>Services will send the WRTDIF transactions for PBO_AMT and IAB_AMT to FMS under loan program TPG to report the 4 types of teach grant discharges.</p> | |
| 7.18 | TEACH Grant | Accounting | <p>Services will preserve the Federal Servicer Loan Transfer File TEACH Grant Record (Record 19 and Record 33) data elements (TEACH Grant Records to Loan Transfer Files) in accordance with the Loan Transfer File Layout Version 4.0 use instructions, applicable data field conditional requirements, valid values, formats, and definitions.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 8.0 | TEACH Grant | Federal Transfers | <p>Servicer will identify loan payoff information required for loan verification certification (LVC) requests, including TEACH Grants.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 9.0 | TEACH Grant | Consolidation | <p>After 7/31/2013, the TEACH Servicer will refer all TPD inquiries to the TPD servicer. Upon receipt of a lender notification (LN) from the TPD servicer that a TEACH Grant recipient intends to apply for TPD discharge, the TEACH Servicer will apply a TPD view suspension on Grant activity.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 10.0 | TEACH Grant | TPD | <p>Upon receipt of a lender notification (LN) from the TPD servicer that a TEACH Grant recipient has applied for TPD discharge, the TEACH Servicer will apply a suspension on Grant activity until notified of the outcome of the recipient's TPD application.</p> | |
| 10.1 | TEACH Grant | TPD | <p>Servicer will leave TEACH Grant borrowers that are suspended due to a request for disability discharge in a TEACH Grant status, and will uniquely identify these accounts as suspended due to a request for disability. The servicer will no longer send any communication to the borrower once a TEACH Grant is placed in suspend due to a request for disability discharge.</p> | |
| 10.1.1 | TEACH Grant | TPD | <p>Servicer will remove active TEACH Grant servicing if notified by the TPD servicer that the application for TPD discharge was not approved.</p> | |
| 10.2 | TEACH Grant | TPD | <p>When notified via an updated LN by the TPD servicer of the discharge approval, the servicer will send Grant information to the TPD servicer via spreadsheet. The TPD servicer will perform all communications with the TEACH recipient whose service obligation is discharged due to disability throughout the 3-year post-discharge monitoring period.</p> | |
| 10.3 | TEACH Grant | TPD | <p>Effective the date of notification of the discharge approval, the servicer will not transfer the discharged Grant via the EA27, but retain the Grant and write the balance down to zero.</p> | |
| 10.4 | TEACH Grant | TPD | <p>Servicer will complete the FNS reporting of the TEACH Grant to show as written off (WRTDIF) once approved for TPD discharge.</p> | |
| 10.4.1 | TEACH Grant | TPD | <p>Servicer will report the TEACH Grant to NSID as discharged due to TPD.</p> | |
| 10.4.2 | TEACH Grant | TPD | <p>Servicer will accept any COD adjustments on the TEACH Grant during the 3-year post-discharge monitoring period.</p> | |
| 10.5 | TEACH Grant | TPD | | |

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| | | | <p>servicer will resume active TEACH Grant servicing if notified by the TPD servicer that the TEACH Grant service obligation should be reinstated at any time during the 3-year post discharge monitoring period.</p> <p>a. The servicer will resume TEACH Grant servicing effective the date of the notification.</p> <p>b. The servicer will reverse the write-off to reinstate the balance. This reversal will report to FMS as a LOAN OFF to offset the original write off.</p> <p>c. The servicer will ensure no interest accrual applies during the period it was suspended due to TPD discharge.</p> <p>d. The servicer will resume communications with the TEACH Grant recipient, including interest statements, service obligation period remaining, etc.</p> <p>e. The servicer will complete the needed NSLDS reporting to show the TEACH Grant was reinstated.</p> | |
| 10.6 | TEACH Grant | TPD | Servicer will receive notification from DMCS when a TEACH Grant PDVR or a TEACH Grant PDVR adjustment is received by DMCS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 11.0 | TEACH Grant | DMCS | Servicer will receive the amount of the overpayment along with the Loan/Award ID and recipient's SSN in the notification from DMCS for a TEACH Grant PDVR that is received by DMCS. | |
| 11.1 | TEACH Grant | DMCS | Servicer will receive the amount of the overpayment adjustment along with the Loan/Award ID and recipient's SSN in the notification from DMCS for a TEACH Grant PDVR that is received by DMCS. | |
| 11.2 | TEACH Grant | DMCS | Servicer will apply financial adjustments to TEACH Grants for TEACH Grant PDVR activity received from DMCS. | |
| 11.3 | TEACH Grant | DMCS/Accounting | Servicer will adjust the TEACH Grant balance downward by the amount of a TEACH Grant PDVR as reported by DMCS. | |
| 11.4 | TEACH Grant | DMCS/Accounting | Servicer will adjust the TEACH Grant balance upward or downward by the amount of a TEACH Grant PDVR adjustment as reported by DMCS. | |
| 11.5 | TEACH Grant | DMCS/Accounting | Servicer will use a unique, non-cash adjustment transaction different from a disbursement adjustment transaction (to distinguish receipt from a non-generating source) when adjusting a TEACH Grant balance based on a TEACH Grant PDVR or TEACH Grant PDVR adjustment. | |
| 11.6 | TEACH Grant | DMCS/Accounting | Servicer will use a unique, non-cash adjustment reversal transaction when reversing adjustments that were applied to a TEACH Grant based on a TEACH Grant PDVR or TEACH Grant PDVR adjustment. | |
| 11.7 | TEACH Grant | DMCS/Accounting | Servicer will request financial adjustments applied to TEACH Grants based on TEACH Grant PDVR activity received from DMCS. | |
| 11.8 | TEACH Grant | DMCS/Accounting | Servicer will provide financial reporting to FMS upon the processing of an adjustment or adjustment reversal to a TEACH Grant due to a TEACH Grant PDVR/PDVR reversal. | |
| 11.9 | TEACH Grant | DMCS/Accounting | Servicer will provide system balancing reporting upon the receipt of TEACH Grant PDVR activity from DMCS. | |
| 11.10 | TEACH Grant | DMCS/Accounting | Servicer will create TEACH correspondence. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.0 | TEACH Grant | Correspondence | Servicer will provide the ability to regenerate on-demand, any notice that has been previously generated to a TEACH Grant borrower. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.1 | TEACH Grant | Correspondence | Servicer will send correspondence to inform a borrower/recipient of the discharge of his or her student loan(s) (TEACH Grant(s)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.2 | TEACH Grant | Correspondence | The Notice of Loan/TEACH Grant Discharge correspondence will be sent when a borrower's recipient's loan is discharged. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.3 | TEACH Grant | Correspondence | The Notice of Loan/TEACH Grant Discharge correspondence will be sent to inform a deceased recipient/borrower's estate that the borrower's recipient's loans have been discharged. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.4 | TEACH Grant | Correspondence | Servicer will generate and send the Notice of Incomplete or Missing Documents when a loan/TEACH Grant holder submits a loan/TEACH Grant for disability discharge with incomplete or missing documentation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.5 | TEACH Grant | Correspondence | Servicer will generate, send, and provide electronically upon request the TEACH Grant Welcome Correspondence to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.6 | TEACH Grant | Correspondence | Servicer will supply the following financial information annual and subsequent TEACH Grant Disbursement Correspondence: School Disbursement Amount, Most Recent Date Disbursed, Potential Loan Interest Rate, and adjustment activity from the point of the disbursement until it is generated. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.7 | TEACH Grant | Correspondence | Servicer will include text on the TEACH Grant Welcome Correspondence that will advise TEACH Grant recipients of their teaching obligations and provide them with general TEACH Grant Program information along with contact information. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.8 | TEACH Grant | Correspondence | Servicer will generate the TEACH Grant Welcome Correspondence when a new disbursement for a new TEACH Grant is received by the servicer, following the servicer's receipt of the disbursement activity, and when a subsequent disbursement for an existing TEACH Grant is received. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.9 | TEACH Grant | Correspondence | Servicer will generate and send the TEACH Grant Disbursement Adjustment Made Correspondence to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.10 | TEACH Grant | Correspondence | Servicer will generate and send the TEACH Grant Disbursement Date Change Correspondence to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.11 | TEACH Grant | Correspondence | Servicer will send the Annual Certification Request form to TEACH Grant recipients. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.12 | TEACH Grant | Correspondence | For grant recipients who did not complete the program for which they received a TEACH Grant: if the recipient does not certify that he or she is teaching, or that he or she is not teaching but intends to fulfill the service obligation, another notice will be sent 30 days after separation warning the recipient that the grant will convert to a loan. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.13 | TEACH Grant | Correspondence | For grant recipients who did not complete the program for which they received a TEACH Grant: if certification has not been received by the 30th day after separation, the grant will be converted to a loan and a notice will be sent to the borrower. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.14 | TEACH Grant | Correspondence | Servicer will send the Consequence Failure to Reaffirm Loan(s) (TEACH Grant(s)) discharged in Disability correspondence to inform the borrower/recipient of the consequences of failing to reaffirm a loan/TEACH Grant discharged in disability. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.15 | TEACH Grant | Correspondence | Servicer will send the Annual Certification Request for Additional Information notice to TEACH Grant recipients when an annual certification has been denied and/or when additional information is needed to determine if a recipient meets loaner obligations for line annual certification. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.16 | TEACH Grant | Correspondence | Servicer will send the TEACH Grant Interest Notice correspondence to notify the recipient of the total potential interest that has accrued from the date of disbursement at quarter end, and list the TEACH Grant activity on the recipient's account during that quarter. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.17 | TEACH Grant | Correspondence | Removed | |
| 12.18 | TEACH Grant | Reporting/NSLDS | Removed | |
| 12.19 | TEACH Grant | Reporting/NSLDS | Servicer will report loan/TEACH Grant portfolio data to NSLDS in accordance with the most current version of the Federal Loan Servicer Data Provider Instructions (DLI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps. |
| 12.20 | TEACH Grant | Reporting/NSLDS | | |

Attachment Page

TEACH Grant Requirements Version 4.0- November 25, 2014

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|-------|-------------|-----------------|--|---|
| 13.3 | TEACH Grant | Reporting/NSLDS | Service will report to NSLDS when TEACH Grants have been converted into Direct Unsubsidized Loans in accordance with the most current Federal Loan Servicer Data Provider instruction (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.4 | TEACH Grant | Reporting/NSLDS | Service will report to NSLDS when TEACH Grants that have been converted to Direct Unsubsidized Loans are unconverted back into TEACH Grants in accordance with the most current Federal Loan Servicer Data Provider instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.5 | TEACH Grant | Reporting/NSLDS | Service will report on Direct Loans and TEACH Grants in its portfolio until those Direct Loans and TEACH Grants are closed or transferred to another party and such information has been accepted by NSLDS in accordance with the Federal Loan Servicer Data Provider instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.6 | TEACH Grant | Reporting/NSLDS | Service will report to NSLDS when TEACH Grants have been reinstated from FPD in accordance with the most current Federal Loan Servicer Data Provider instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.7 | TEACH Grant | Reporting/NSLDS | Service will report to NSLDS when TEACH Grants that have been converted to Direct Unsubsidized Loans have been reinstated from FPD in accordance with the most current Federal Loan Servicer Data Provider instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.8 | TEACH Grant | Reporting/Ops | Service shall capture and report the total number of TEACH grants to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.9 | TEACH Grant | Reporting/Ops | Service shall capture and report the total number of TEACH grants converted to loans to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.10 | TEACH Grant | Reporting/Ops | Service shall capture and report the total number of TEACH loan borrowers to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.11 | TEACH Grant | Reporting/Ops | Service shall capture and report the duration of service completed (0.1, 2, 3, or 4 years) for all TEACH grant recipients to the Department on a monthly basis and ad hoc as requested by FSA. Recipient may be counted more than once if has more than one award. | Provide sample report. |
| 13.12 | TEACH Grant | Reporting/Ops | Service shall capture the recipient's teaching location, including the school/ local education agency, and State where the recipient is teaching and report only at FSA request. Note-a recipient may be counted more than once if teaching at a different location in subsequent years. | Provide sample report. |
| 13.13 | TEACH Grant | Reporting/Ops | Service shall capture the number of recipients by subject taught (i.e. (1) Bilingual education and English language acquisition, (2) Foreign language, (3) Mathematics, (4) Reading specialist, (5) Science, (6) Special and (7) Other high need field) and report only at FSA request. Note-a recipient may be counted more than once if teaching a different qualifying subject in subsequent years. | Provide sample report. |
| 13.14 | TEACH Grant | Reporting/Ops | Service shall capture and report the number of TEACH grant recipients who have requested a period of suspension and report only at FSA request. | Provide sample report. |
| 13.15 | TEACH Grant | Web | Service will provide the ability for recipient to access TEACH Grant information electronically. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.16 | TEACH Grant | Web | Service will allow a recipient to certify intent to satisfy further TEACH Grant service obligation(s) via the relevant website. | |

SCHEDULE Continued

| ITEM NO. | SUPPLIES/SERVICES | QUANTITY | UNIT | UNIT PRICE \$ | AMOUNT \$ |
|----------|---|----------|------|---------------|-----------|
| | <p>Contracting Officer: Karen Gibson, 202-377-4381, karen.gibson@ed.gov</p> <p>Primary Contracting Officer Representative: Tammy Connelly, 202.377.3298, tammy.connelly@ed.gov</p> <p>Alternate Contracting Officer Representative(s): Lynn Smith, 202-377-3577, lynn.smith@ed.gov Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov</p> <p>Primary Technical Point of Contact: None</p> <p>Alternate Technical Point of Contact(s): None</p> | | | | |

| Req. | Category | Sub Category | Requirement / Business Rule Description | Validation Artifact Required |
|--------|-------------|------------------|---|---|
| 1.0 | TEACH Grant | Accept & Process | Service will accept and process TEACH Grant transaction data received from COD. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 1.1 | TEACH Grant | Accept & Process | Service will accept TEACH Grant transaction data received in exclusive transmission files using a unique interface ID received from COD. | |
| 1.2 | TEACH Grant | Accept & Process | Service will process TEACH Grant transaction data contained in transmission files received from COD. | |
| 1.3 | TEACH Grant | Accept & Process | Service will send acknowledgement and error transactions to COD when TEACH Grant transaction data is processed. | |
| 1.4 | TEACH Grant | Accept & Process | Service will accept and process amount adjustments and apply disbursement date changes on TEACH Grant disbursements based on disbursement adjustment transactions received from COD. | |
| 2.0 | TEACH Grant | Load | Service will load TEACH Grants. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 2.1 | TEACH Grant | Load | Service will uniquely identify and track separately TEACH Grants from Direct Loans. | |
| 2.2 | TEACH Grant | Load | Service will uniquely identify TEACH Grants while the recipient is in an In School status. | |
| 2.3 | TEACH Grant | Load | Service will track TEACH Grants with different separation dates separately. | |
| 2.4 | TEACH Grant | Load | Service will assign same interest rate as Direct Unsubsidized Stafford Loans to TEACH Grants based on grant disbursement date. | |
| 2.5 | TEACH Grant | Load | Service will accrue "potential" interest from the disbursement date of record for TEACH Grants. | |
| 3.0 | TEACH Grant | Service | Service will service TEACH Grants while grant recipients are in school. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.1 | TEACH Grant | Service | Service will notify TEACH Grant recipients at least quarterly about the amount of interest that has accrued on their TEACH Grant disbursements and the obligation to repay that interest along with the amount disbursed if they fail to fulfill their teaching obligations. | |
| 3.2 | TEACH Grant | Service | Service will calculate interest from the grant disbursement date at the same rate as Direct Unsubsidized Loan. | |
| 3.3 | TEACH Grant | Service | Service will NOT accept payments for TEACH Grants while in grant status. If a payment is received during grant status, the payment is returned to the recipient with notification as to why the payment cannot be applied; a TEACH Grant payment cannot be applied to any other loans. | |
| 3.4 | TEACH Grant | Service | TEACH Grant refunds shall be included in monthly reconciliation reporting. | |
| 3.5 | TEACH Grant | Service | A grant recipient can request a TEACH Grant be converted to a Direct Unsubsidized Loan at anytime. | |
| 3.6 | TEACH Grant | Service | Service will service TEACH Grants upon a grant recipient's graduation or separation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.6.1 | TEACH Grant | Service | A TEACH Grant recipient must complete a service obligation for each program of study for which they received a TEACH Grant. | |
| 3.6.2 | TEACH Grant | Service | Service will track service obligation periods for each TEACH Grant-eligible program of study (undergraduate versus graduate with different separation dates) separately. | |
| 3.6.3 | TEACH Grant | Service | Service will manage the certification process for a grant recipient that has graduated or separated from the TEACH Grant eligible program of study and has not started teaching. | |
| 3.7 | TEACH Grant | Service | Grant recipients must certify, within 120 days of completing or otherwise ceasing to be enrolled in the program for which they received a TEACH Grant, that (1) they are performing qualifying teaching service, or (2) they are not yet teaching, but intend to fulfill the service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.7.1 | TEACH Grant | Service | This requirement applies both to students who completed the program as well as to students who left the program before completing it. For students who completed the program for which they received a TEACH Grant, but who have not yet begun teaching, there is a requirement to annually certify their intent to fulfill the service obligation. This annual certification requirement applies only to students who completed the program for which they received a TEACH Grant. | |
| 3.8 | TEACH Grant | Service | Service will send a notice to grant recipients 75 days after separation, reminding them to submit the required certification within 45 days (by day 120). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.9 | TEACH Grant | Service | For grant recipients who did not complete the program for which they received a TEACH Grant: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.9.1 | TEACH Grant | Service | If the student does not certify that he or she is teaching, or that he/she is not teaching but intends to fulfill the service obligation, another notice will be sent 120 days after separation warning the recipient that the grant will convert to a loan. | |
| 3.9.2 | TEACH Grant | Service | If certification has not been received by the 150 th day after separation, the grant will be converted to a loan and a notice will be sent to the borrower. | |
| 3.9.3 | TEACH Grant | Service | The servicer must have the capability of adjusting the start date of the 8-year clock for a student if we (FSA) determine that a particular student ceased enrollment in a TEACH- eligible program prior to ceasing enrollment at the school (exception process). | |
| 3.9.4 | TEACH Grant | Service | For grant recipients who COMPLETED the program for which a TEACH Grant was received, but have not begun teaching, loan conversion occurs if they do not annually certify their intent to fulfill the service obligation. | |
| 3.10 | TEACH Grant | Service | Service will manage the TEACH Grant Certification Process for a recipient that has not started teaching. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.10.1 | TEACH Grant | Service | Service will track and store a record of each academic year a TEACH Grant recipient responds to the certification request that they are not yet teaching, but intend to fulfill his/her TEACH Grant service obligations. | |
| 3.10.2 | TEACH Grant | Service | If a TEACH Grant recipient graduates, servicer will send the initial Annual Certification Cover Letter along with the Annual Certification Request Form to the TEACH Grant recipient a minimum of 30 days prior to the certification due date. | |
| 3.10.3 | TEACH Grant | Service | Service will send the Annual Certification Request Form to a TEACH Grant recipient annually. | |
| 3.10.4 | TEACH Grant | Service | Service will convert a recipient's TEACH Grants into Direct Unsubsidized Loans when no response has been received within 30 days of the date the Final Certification Request is sent. Service will send the TEACH Grant Conversion Confirmation notice to recipient in this event. | |
| 3.10.5 | TEACH Grant | Service | Service will send a follow-up certification letter to a TEACH Grant recipient when no response has been received in 30 days or less following the generation of the Annual Certification Request. | |
| 3.10.6 | TEACH Grant | Service | Service will send a final certification request to a TEACH Grant recipient when no response has been received in 30 days or less following the generation of the follow-up certification request. | |
| 3.10.7 | TEACH Grant | Service | REMOVED | |
| 3.11 | TEACH Grant | Service | Service will service TEACH Grants while Recipients are Completing their Service Obligation once employed as a teacher. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |

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| 3.11.1 | TEACH Grant | Service | Service will collect and track annually evidence of teaching for each academic year of service from the grant recipient. The annual certification date will be one year from the recipient's separation date. | |
| 3.11.2 | TEACH Grant | Service | Service will track and store the subject(s) a TEACH Grant recipient is teaching (i.e. (1) Bilingual education and English language acquisition; (2) Foreign Language; (3) Mathematics; (4) Reading specialist; (5) Science; (6) Special education; and (7) Any other field that has been identified as high-need by the Federal Government, a State government, or a local education agency (LEA), and approved by the Secretary and listed in the U.S. Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List). | |
| 3.12 | TEACH Grant | Service | Upon completion of each academic year of service, the grant recipient must submit certification by a chief administrative officer of the school or educational service agency. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.12.1 | TEACH Grant | Service | Grant recipient must serve in a federally designated low-income school. A school qualifies as low-income in subsequent years for the purpose of completing service obligations; if the school that the recipient is teaching at meets the requirements of a low-income school during the first year of employment and fails in subsequent years. | |
| 3.12.2 | TEACH Grant | Service | Grant recipient must teach in a high-need field. A field is considered high-need as listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List) | |
| 3.12.3 | TEACH Grant | Service | A grant recipient may satisfy the requirement to teach in a high-need field if he or she (1) teaches in a field designated as high-need in the Nationwide list for the state in which the grant recipient is teaching at the time he or she begins teaching, or (2) beginning with the 2010-2011 school year, teaches in a field that was designated as high-need in the Nationwide List for the state in which the grant recipient is teaching for any award year in which the student received a TEACH Grant, even if the high-need field is no longer designated as high-need for that state when the grant recipient begins teaching. | |
| 3.12.4 | TEACH Grant | Service | Grant recipient must serve as a full-time teacher for a total of 4 academic years within an 8 year timeframe. | |
| 3.12.5 | TEACH Grant | Service | Grant Recipient is teaching part-time at two qualifying schools during an academic year and can demonstrate that the combined teaching was equivalent of full-time. | |
| 3.12.6 | TEACH Grant | Service | Service will count the following situations as a full academic year when considering the completion of TEACH Grant service requirements, if the recipient completes at least one-half of an academic year and the school employer considers the recipient to have fulfilled their contractual obligation for the full academic year, although the recipient is unable to complete the full academic year of teaching because: | |
| 3.12.6.1 | TEACH Grant | Service | Of a condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA) See 34 CFR 686.40(e)(1). | |
| 3.12.6.2 | TEACH Grant | Service | A call or order to active duty status for more than 30 days in connection with a war, military operation, or national emergency. | |
| 3.13 | TEACH Grant | Service | Service will adjust a recipient's TEACH Grant Service Obligation Tracking Period End Date by the number of months spent in a Tracking Suspense. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.14 | TEACH Grant | Service | When a recipient has completed or separated from their TEACH Grant eligible program, service shall allow a TEACH Grant recipient the ability to suspend the tracking of their eight-year teaching obligation period as a result of one of the following conditions: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.14.1 | TEACH Grant | Service | Enrollment in another TEACH Grant-eligible program (example: graduate program) or enrollment in a program that has been determined by a state to satisfy the requirements for certification/licensure to teach in the state's elementary or secondary schools. | |
| 3.14.2 | TEACH Grant | Service | A condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA) See 34 CFR 686.40(e)(1). | |
| 3.14.3 | TEACH Grant | Service | A call or order to active duty status for more than 30 days in connection with a war, military operation, or national emergency. | |
| 3.15 | TEACH Grant | Service | This suspension of tracking the obligation period will be granted in one year increments, but cannot exceed six years (3 years combined for qualifying enrollment/qualifying FMLA, and 3 years for military service). A grant recipient who has completed or who has otherwise ceased enrollment in a TEACH Grant eligible program for which he or she received TEACH Grant funds and has exceeded the maximum three year suspension period allowed for military service may qualify for a proportional discharge of his or her service obligation due to an extended call or order to active duty status. A grant recipient, who meets this condition, must apply for a military discharge in writing. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.15.1 | TEACH Grant | Service | The grant recipient must request a suspension of the period for completing the service obligation prior to being subject to any of the conditions that would cause the grant to be converted to a loan. | |
| 3.15.2 | TEACH Grant | Service | Service will allow TEACH Grant recipients to suspend tracking of their teaching obligation due to military service for no more than a total of three years (separate from the combined maximum 3-year allowance for enrollment in an eligible program of study or for conditions that qualify for leave under the Family Medical Leave Act (FMLA)). | |
| 3.15.3 | TEACH Grant | Service | Service will inform TEACH Grant recipients that tracking of their teaching obligation can be suspended for no more than a total of three years for military service. | |
| 3.15.4 | TEACH Grant | Service | Service will require TEACH Grant recipients to request suspension of their teaching obligations, in writing, prior to one of the conditions that could cause their TEACH Grants to be converted into Direct Unsubsidized Loans. | |
| 3.15.5 | TEACH Grant | Service | Service will inform TEACH Grant recipients that suspension of their teaching obligations must be requested, in writing, prior to one of the conditions that could cause their TEACH Grants to be converted into Direct Unsubsidized Loans. | |
| 3.15.6 | TEACH Grant | Service | Service will suspend the tracking of a recipient's eight-year Service Obligation Tracking Period as a result of an approved Suspension Request (suspension to be granted in 1-year increments). | |
| 3.15.7 | TEACH Grant | Service | Service will limit the application of a Suspension to six years (3 years combined for qualifying enrollment/qualifying FMLA, and 3 years for military service). | |
| 3.15.8 | TEACH Grant | Service | Service will uniquely identify TEACH Grant recipients who have received a Tracking Suspension. | |
| 3.16 | TEACH Grant | Service | Service will evaluate a TEACH Grant recipient's ability to satisfy his/her TEACH Grant service obligations. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.16.1 | TEACH Grant | Service | Service will evaluate the TEACH Grant recipient's ability to satisfy his/her TEACH Grant service obligation starting at the beginning of the 5th year from the TEACH Grant Service Obligation Tracking Period Start Date and annually thereafter. | |
| 3.16.2 | TEACH Grant | Service | Service will determine whether or not it is possible for a TEACH Grant recipient to satisfy his/her TEACH Grant service obligations prior to reaching the TEACH Grant Service Obligation Tracking Period End Date. | |

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| 3.16.3 | TEACH Grant | Service | Certification of a recipient's intent to TEACH will initiate conversion if there is no longer enough time remaining to satisfy the 4 year teaching agreement by the service obligation end date. | |
| 3.16.4 | TEACH Grant | Service | Service will convert TEACH Grants into Direct Unsubsidized Loans for a recipient who has been determined to not be able to satisfy his/her TEACH Grant service obligations within the remaining time frame. | |
| 3.17 | TEACH Grant | Service | Service will send the TEACH Grant Conversion Confirmation notice to notify a TEACH Grant recipient when his/her TEACH Grants are converted into Direct Unsubsidized Loans. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.18 | TEACH Grant | Service | Service will validate a TEACH Grant recipient's teaching service to determine if they have been satisfied according to the Agreement to Serve (ATS). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.19 | TEACH Grant | Service | Service will uniquely identify TEACH Grants where the recipient has satisfied his/her TEACH Grant service obligations in accordance with the Agreement to Serve (ATS). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.20 | TEACH Grant | Service | Service will confirm that all service requirements have been satisfied for TEACH Grant service obligations. (NO prorated forgiveness will be given as the TEACH Grant recipient is required to meet all TEACH Grant service obligations as outlined in the Agreement to Serve (ATS)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.21 | TEACH Grant | Service | Service will conclude certification and tracking activities when a TEACH Grant recipient has satisfied his/her TEACH Grant service obligations. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.22 | TEACH Grant | Service | Service will reduce the balance of TEACH Grants to zero when the recipient has satisfied his/her TEACH Grant service obligations in accordance with the Agreement to Serve (ATS). (NO prorated forgiveness will be given as the TEACH Grant recipient is required to meet all TEACH Grant service obligations outlined in the Agreement to Serve (ATS)). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.23 | TEACH Grant | Service | Upon a recipient's satisfaction of his/her service obligation, the Service will generate a unique financial accounting transaction to FMS to report the reduction of the TEACH Grant balance to zero for the principal and interest amount fields. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.24 | TEACH Grant | Service | Service will report TEACH Grants with a satisfied status to NSLDS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.25 | TEACH Grant | Service | Service will send the TEACH Grant Service Obligation Notice-Satisfied Confirmation notice when recipient has satisfied his/her service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.26 | TEACH Grant | Service | Service will send the TEACH Grant Service Obligation Notice-Request for Additional Information notice when additional information is needed to determine if the recipient has satisfied his/her service obligation. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 3.27 | TEACH Grant | Service | Service will generate a unique financial accounting transaction to FMS to report the reversal of a TEACH Grant that was previously reported as satisfied to restore the balance for the principal and amount fields. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.0 | TEACH Grant | Conversion & Un-Conversion | Service will convert TEACH Grants into Direct Unsubsidized Loans. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.1 | TEACH Grant | Conversion & Un-Conversion | Service will convert a TEACH Grant to a Direct Unsubsidized Loan (TEACH) when a TEACH Grant recipient fails to carry out their service obligations. | |
| 4.2 | TEACH Grant | Conversion & Un-Conversion | The sum of the amounts of any TEACH Grants shall be converted to a Direct Unsubsidized Loan subject to repayment including interest accrued from the date of the grant disbursement. | |
| 4.3 | TEACH Grant | Conversion & Un-Conversion | Service will convert a TEACH Grant to a Direct Unsubsidized Loan when a grant recipient: | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.3.1 | TEACH Grant | Conversion & Un-Conversion | Requests conversion | |
| 4.3.2 | TEACH Grant | Conversion & Un-Conversion | Fails to certify within 120 days of ceasing enrollment prior to completing the TEACH Grant eligible program. | |
| 4.3.3 | TEACH Grant | Conversion & Un-Conversion | Within one year of ceasing enrollment prior to completing the TEACH Grant eligible program has not re-enrolled in a TEACH Grant eligible program, begun creditable teaching service or been determined eligible for a tracking suspension of the eight-year obligation period. | |
| 4.3.4 | TEACH Grant | Conversion & Un-Conversion | Completes a TEACH Grant eligible program but fails to certify annually intention to satisfy service agreement. | |
| 4.3.5 | TEACH Grant | Conversion & Un-Conversion | Completes a TEACH Grant eligible program but fails to begin or maintain qualified employment within the timeframe to meet the eight-year obligation period | |
| 4.4 | TEACH Grant | Conversion & Un-Conversion | Once a TEACH Grant has been converted to a Direct Unsubsidized loan (TEACH), the same business rules for Direct Unsubsidized Loans will apply. When a Direct Unsubsidized Loan (TEACH) becomes greater than 360 days delinquent, the loan shall be transferred to DMCS. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 4.5 | TEACH Grant | Conversion & Un-Conversion | A TEACH Grant converted to a Direct Unsubsidized loan can be consolidated. A TEACH Grant in grant status cannot be consolidated. | |
| 4.6 | TEACH Grant | Conversion & Un-Conversion | Once a TEACH Grant is converted to a Direct Unsubsidized Loan (TEACH), it cannot be converted back to a loan unless it is an exception granted by FSA. A grant recipient whose TEACH Grant is converted to a loan receives a 6-month grace period before entering repayment. | |
| 4.7 | TEACH Grant | Conversion & Un-Conversion | TEACH Grants converted to Direct Unsubsidized Loans (TEACH) shall be serviced as any other Direct Loan | |
| 4.8 | TEACH Grant | Conversion & Un-Conversion | TEACH Grants converted to Direct Unsubsidized Loans (TEACH) shall not be included in the borrower's annual loan limit or in the aggregate loan limit. | |
| 4.9 | TEACH Grant | Conversion & Un-Conversion | Service will include Direct Unsubsidized Loans (TEACH) in a borrower's total indebtedness when determining repayment plan eligibility and calculating payments. | |
| 4.10 | TEACH Grant | Conversion & Un-Conversion | Direct Unsubsidized Loans (TEACH) shall not be considered for the purpose of calculating and applying cohort default rates. | |
| 5.0 | TEACH Grant | Payment | Service will apply borrower payments | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 5.1 | TEACH Grant | Payment | Service will not apply borrower payments to TEACH Grants and will not apply any payments received specifically directed to a TEACH Grant to any of the recipient's other loans. | |
| 5.2 | TEACH Grant | Payment | Service will apply payment received from a Borrower/Recipient who has both TEACH Grants and Loans, and who does not specify or request where to apply the payment, to any existing Loan accounts. | |
| 5.3 | TEACH Grant | Payment | Service will exclude TEACH Grants when processing payments via automatic debit. | |
| 5.4 | TEACH Grant | Payment | Service will allow borrowers to prepay, will manage any payments that could not be immediately applied to a borrower's/recipient's account, and initiate borrower/recipient refund requests. | |
| 5.5 | TEACH Grant | Payment | If a payment is received, specifically directed to a TEACH Grant, Service will refund the payment and send a letter informing the recipient that payments cannot be applied to TEACH Grants. The letter should also describe the option of converting the grant to a loan, the consequences of doing so, and the actions the recipient must take in order for the conversion to take place. | |
| 5.6 | TEACH Grant | Payment | Service will not process cash cancellations on TEACH grants. See requirement 5.5 for handling of TEACH grant payments. | |
| 5.7 | TEACH Grant | Payment | Removed | |
| 6.0 | TEACH Grant | Discharge | Service will discharge TEACH Grant obligations | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |

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| 6.1 | TEACH Grant | Discharge | If the recipient becomes disabled. | |
| 6.2 | TEACH Grant | Discharge | In the event of the grant recipient's death | |
| 6.3 | TEACH Grant | Discharge | Based on qualifying active duty military service in excess of the maximum three year suspension period | |
| 6.3.1 | TEACH Grant | Discharge | A grant recipient may receive a one year discharge of his or her service obligation if a call or order to active duty status is for more than three years; two-year discharge of his or her service obligation if a call or order to active duty status is for more than four years; three-year discharge of his or her service obligation if a call or order to active duty status is more than five years; or full discharge of his or her service obligation if a call or order to active duty status is more than six years. | |
| 6.3.2 | TEACH Grant | Discharge | A grant recipient must provide a written statement from the commanding or personnel officer certifying that the grant recipient is on active duty in the Armed Forces of the United States; date which the grant recipient's service began and expected to end; or a copy of the grant recipient's official military orders and copy of the grant recipient's military identification. | |
| 6.3.3 | TEACH Grant | Discharge | Based on a request for a military discharge, the servicer notifies the grant recipient of the outcome of the discharge request. For the portion on the service obligation that remains, the grant recipient remains responsible for fulfilling his or her service obligation. | |
| 6.4 | TEACH Grant | Discharge | Servicer will discharge TEACH grant upon fulfillment of service obligation. | |
| 6.5 | TEACH Grant | Discharge | Servicer will distinguish the 4 Teach grant discharge types on borrower accounts on their servicing system. 1-fulfillment of service obligation 2-death 3-disability, and 4-military service (full discharge or partial discharge that results in fulfillment of service obligation) | |
| 7.0 | TEACH Grant | Accounting | Servicer will provide financial reporting to FMS | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 7.1 | TEACH Grant | Accounting | Servicer will provide financial reporting to FMS by uniquely identifying TEACH Grants via the Credit Reform Code. | |
| 7.2 | TEACH Grant | Accounting | Servicer will report TEACH Grant disbursements and adjustments and potential interest that accrues to FMS during in school status. | |
| 7.3 | TEACH Grant | Accounting | Servicer will store all disbursement adjustment amounts applied due to adjustments from COD for TEACH Grants. | |
| 7.4 | TEACH Grant | Accounting | REMOVED | |
| 7.5 | TEACH Grant | Accounting | Servicer will send a separate transaction to FMS to report interest accrued at the time an applied booking transaction is processed on a borrower account when the effective date of the disbursement is prior to the accrued through date on the servicing system for TEACH Grants. | |
| 7.6 | TEACH Grant | Accounting | Servicer will send a separate transaction to FMS to report accrued interest associated with the posting of a disbursement transaction to a borrower account (if applicable) for all TEACH Grants. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 7.6.1 | TEACH Grant | Accounting | Servicer will establish processes to correctly record all transactions on their database and to post summary transactions to FMS on the same business day they are generated for all TEACH Grant activity. | |
| 7.6.2 | TEACH Grant | Accounting | Servicer will ensure every financial transaction that can be applied on TEACH Grants on their system is mapped to a corresponding FMS summary transaction code. | |
| 7.6.3 | TEACH Grant | Accounting | Servicer will ensure that all servicer transactions for all TEACH Grant activity are accurately translated (mapped) from the Servicer's subsidiary ledger to FMS. | |
| 7.6.4 | TEACH Grant | Accounting | Servicer will ensure every financial transaction posted on TEACH Grant recipient accounts on their system shall also be sent as equivalent FMS summary transactions in the same day's G/L summary file for posting in FMS. | |
| 7.6.5 | TEACH Grant | Accounting | Servicer will provide an audit trail that efficiently links their detailed transactions in the subsidiary ledger to summarized transactions in FSA's general ledger for all TEACH Grant activity. | |
| 7.6.6 | TEACH Grant | Accounting | Servicer will ensure that all servicer transactions and FMS summary transactions for all TEACH Grant activity include all fields as required by FMS and all amounts applicable to each transaction type. | |
| 7.6.7 | TEACH Grant | Accounting | Servicer will send financial data to FMS on a daily, weekly (if applicable) and monthly basis for all daily, weekly, and monthly activity that is posted on the servicing system for all TEACH Grant activity. | |
| 7.6.8 | TEACH Grant | Accounting | Servicer will use FSA's secure SAIG mailbox to send daily, weekly, and monthly files containing TEACH Grant activity to FMS for processing. | |
| 7.6.9 | TEACH Grant | Accounting | Servicer will use the FMS G/L Summary File crosswalk mapping that will be provided by FSA CFO FMS for sending TEACH Grant activity to FMS. | |
| 7.6.10 | TEACH Grant | Accounting | Servicer will, on a daily basis, reconcile all daily posting activity at the detail servicing transaction code level to the FMS summary transactions being sent to FMS in the G/L summary file for TEACH Grants. | |
| 7.6.11 | TEACH Grant | Accounting | Servicer shall perform a monthly reconciliation between Servicing Trial Balance by Portfolio and FMS trial balance for each individual balance sheet account (balances and activity) for all TEACH Grants. | |
| 7.6.12 | TEACH Grant | Accounting | Servicer will ensure TEACH Grants and TEACH Grants that have been converted to Direct Unsubsidized Loans will be reported separately. | |
| 7.6.13 | TEACH Grant | Accounting | Servicer will produce daily cumulative Work in Process reporting by interfacing system/source and by Loan Program for all financial activity associated with TEACH Grants. | |
| 7.6.14 | TEACH Grant | Accounting | Servicer will produce daily summary posting reports at the internal transaction code level and at the FMS summary transaction code level by interfacing system/source and by loan Program for all financial transaction activity that is applied to borrower accounts on TEACH Grants and sent to FMS in the daily G/L summary file. | |
| 7.6.15 | TEACH Grant | Accounting | Servicer will produce monthly summary posting reports at the internal transaction code level and at the FMS summary transaction code level by interfacing system/source and by Loan Program for all financial transaction activity that was applied to borrower accounts on TEACH Grants within each month, including all interest accruals. | |

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| 7.70 | TEACH Grant | Accounting | <p>Services will send to FMS both the TGCONV and TLCONV transactions upon conversion of teach grants to teach loans. Upon conversion from Grant to Loan the transactions sent are TGCONV for negative PBO_AMT and IRB_AMT for exact outstanding loan balance at the time of conversion to reduce the Teach Grant balance to \$0 (with Loan Program TPG) and equal and offsetting TLCONV for positive PBO_AMT and IRB_AMT to reinstate the same exact balances as a Teach Loan with Loan Program TPL. These offsetting portfolio balance changes must be simultaneous (cannot have balances in both statuses at the same time on the servicing system) and the transactions must be reported to FMS at the same time. The same for conversion reversals. Upon conversion from Loan to Grant the transactions sent are TLCONV for negative PBO_AMT and IRB_AMT for exact outstanding loan balance at the time of conversion to reduce the Teach Loan balance to \$0 (with Loan Program TPL) and equal and offsetting TGCONV for positive PBO_AMT and IRB_AMT to reinstate the same exact loan balances as a Grant with Loan Program TPG. These offsetting transactions must be reported to FMS at the same time.</p> | |
| 7.80 | TEACH Grant | Accounting | <p>Services will accept disbursement adjustments received on manual spreadsheets from FSA as determined by and/or verified by COD for adjustments on Teach Grants that have been identified during audits or by COD during post year close out activities.</p> | |
| 7.90 | TEACH Grant | Accounting | <p>Services will accept disbursement adjustments from COD for Teach Grants after the Grants were converted to Teach Loans and those loans have been transferred to other servicers. Services will follow the existing manual spreadsheet process for sending the adjustments on to other servicers via FSA.</p> | |
| 7.10 | TEACH Grant | Accounting | <p>Services will accept disbursement adjustments from COD for Teach Grants that have been converted to Teach Loans. COD is unaware when a Teach Grant has been converted to a Teach Loan and COD has no requirement for accepting or retaining this information from the Servicer. Services will accept disbursement adjustments as Loan Program TPG but will process the disbursement adjustment transactions to Loan Program TPL or will process the disbursement adjustment to Loan Program TPG and convert the balance to Loan Program TPL.</p> | |
| 7.11 | TEACH Grant | Accounting | <p>Services will process subsequent disbursements and new disbursements for borrowers under loan program TPG only. The Servicer will not send teach loan TPL DISBUR transactions to FMS.</p> | |
| 7.12 | TEACH Grant | Accounting | <p>Services will submit a COD to FMS reconciliation for teach grants separate from the COD to FMS reconciliation for direct loans that is currently performed for direct loans received from COD.</p> | |
| 7.13 | TEACH Grant | Accounting | <p>Services will submit to FMS the DSBADT transaction when DMCS informs the servicer of a teach grant overpayment that was set up in DMCS and the servicer has adjusted the teach grant or teach loan balances. The servicer will reduce the disbursement amount by the overpayment amount being serviced by DMCS and adjust accrued interest accordingly and submit the DSBADT transaction to FMS for this principal and interest activity.</p> | |
| 7.14 | TEACH Grant | Accounting | <p>Services will not send to FMS the STATCG transaction as this transaction is to record default status changes on servicing systems that service both defaulted and non-defaulted loans for which none yet exist.</p> | |
| 7.15 | TEACH Grant | Accounting | <p>Services will include loan program TPG and fund 4290XNY activity for teach grants in all existing reconciliations.</p> | |
| 7.16 | TEACH Grant | Accounting | <p>Services will include loan program TPG transactions and teach grants received from COD in all system balancing reporting. The Servicer will address system balancing issues by identifying equal and offsetting variances in the system balancing for DSBADJ transactions received as loan program TPG and applied and reported to FMS as loan program TPL or as manually transferred out with loan program TPL.</p> | |
| 7.17 | TEACH Grant | Accounting | <p>Services will send loan program TPG DISBUR and DSBADJ transactions to FMS for teach grant disbursements and disbursement adjustments respectively received from COD. Services will adjust accrued interest on the Teach Grant to align with an adjustment (reducing interest for a downward adjustment and increasing interest for an upward adjustment) and report to FMS as INTACC for IRB_AMT. The Servicer will report the accrued potential interest on Teach Grants to FMS by sending the INTACC transaction under loan program TPG.</p> | |
| 7.18 | TEACH Grant | Accounting | <p>Services will send the WRTOFF transactions for PBO_AMT and IRB_AMT to FMS under Loan Program TPG to report the 4 types of teach grant discharges.</p> | |
| 8.0 | TEACH Grant | Federal Transfers | <p>Services will receive the Federal Servicer Loan Transfer File TEACH Grant Record (Record 19 and Record 20) data elements (TEACH Grant Records to Loan Transfer Files) in accordance with the Loan Transfer File Layout Version 4.0 use instructions, applicable data field conditional requirements, valid values, formats, and definitions.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 9.0 | TEACH Grant | Consolidation | <p>Services will certify loan payoff information required for Loan Verification Certification (LVC) requests, excluding TEACH Grants.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 10.0 | TEACH Grant | TPD | <p>After 7/1/2013, the TEACH Servicer will refer all TPD inquiries to the TPD servicer. Upon receipt of a Lender Notification (LN) from the TPD servicer that a TEACH Grant recipient intends to apply for TPD discharge, the TEACH Servicer will apply a 120-day suspension on Grant activity.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 10.1 | TEACH Grant | TPD | <p>Upon receipt of a Lender Notification (LN) from the TPD servicer that a TEACH Grant recipient has applied for TPD discharge, the TEACH Servicer will apply a suspension on Grant activity until notified of the outcome of the recipient's TPD application.</p> | |
| 10.1.1 | TEACH Grant | TPD | <p>Services will leave TEACH Grant borrowers that are suspended due to a request for disability discharge in a TEACH Grant status, and will uniquely identify these accounts as suspended due to a request for disability. The Servicer will no longer send any communication to the borrower once a TEACH Grant is placed in suspense due to a request for disability discharge.</p> | |
| 10.2 | TEACH Grant | TPD | <p>Services will resume active TEACH Grant servicing if notified by the TPD servicer that the application for TPD discharge was not approved.</p> | |
| 10.3 | TEACH Grant | TPD | <p>When notified via an updated LN by the TPD servicer of the discharge approval, the servicer will send Grant information to the TPD servicer via spreadsheet. The TPD servicer will perform all communications with the TEACH recipient whose service obligation is discharged due to disability throughout the 3-year post-discharge monitoring period.</p> | |
| 10.4 | TEACH Grant | TPD | <p>Effective the date of notification of the discharge approval, the servicer will not transfer the discharged Grant via the EA27, but retain the Grant and write the balance down to zero.</p> | |
| 10.4.1 | TEACH Grant | TPD | <p>Services will complete the FMS reporting of the TEACH Grant to show as written off (WRTOFF) once approved for TPD discharge.</p> | |
| 10.4.2 | TEACH Grant | TPD | <p>Services will report the TEACH Grant to NSLDS as discharged due to TPD.</p> | |
| 10.5 | TEACH Grant | TPD | <p>Services will accept any COD adjustments on the TEACH Grant during the 3-year post-discharge monitoring period.</p> | |

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| | | | <p>Service will resume active TEACH Grant servicing if notified by the TPD servicer that the TEACH Grant service obligation should be reinstated at any time during the 3-year post discharge monitoring period.</p> <p>i. The servicer will resume TEACH Grant servicing effective the date of the notification</p> <p>ii. The servicer will reverse the write-off to reinstate the balance. This reversal will report to FMS as a WRTOFF to offset the original write off.</p> <p>iii. The servicer will ensure no interest accrual applies during the period it was suspended due to TPD discharge.</p> <p>iv. The servicer will resume communications with the TEACH Grant recipient, including interest statements, service obligation period remaining, etc.</p> <p>v. The servicer will complete the needed NSLDS reporting to show the TEACH Grant was reinstated.</p> | |
| 10.6 | TEACH Grant | TPD | | |
| 11.0 | TEACH Grant | DMCS | <p>Servicer will receive notification from DMCS when a TEACH Grant POVR or a TEACH Grant POVR adjustment is received by DMCS.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 11.1 | TEACH Grant | DMCS | <p>Servicer will receive the amount of the overpayment along with the Loan/Award ID and recipient's SSN in the notification from DMCS for a TEACH Grant POVR that is received by DMCS.</p> | |
| 11.2 | TEACH Grant | DMCS | <p>Servicer will receive the amount of the overpayment adjustment along with the Loan/Award ID and recipient's SSN in the notification from DMCS for a TEACH Grant POVR that is received by DMCS.</p> | |
| 11.3 | TEACH Grant | DMCS/Accounting | <p>Servicer will apply financial adjustments to TEACH Grants for TEACH Grant POVR activity received from DMCS.</p> | |
| 11.4 | TEACH Grant | DMCS/Accounting | <p>Servicer will adjust the TEACH Grant balance downward by the amount of a TEACH Grant POVR as reported by DMCS.</p> | |
| 11.5 | TEACH Grant | DMCS/Accounting | <p>Servicer will adjust the TEACH Grant balance upward or downward by the amount of a TEACH Grant POVR adjustment as reported by DMCS.</p> | |
| 11.6 | TEACH Grant | DMCS/Accounting | <p>Servicer will use a unique, non-cash adjustment transaction different from a disbursement adjustment transaction (to distinguish receipt from a non-originating source) when adjusting a TEACH Grant balance based on a TEACH Grant POVR or TEACH Grant POVR adjustment.</p> | |
| 11.7 | TEACH Grant | DMCS/Accounting | <p>Servicer will use a unique, non-cash adjustment reversal transaction when reversing adjustments that were applied to a TEACH Grant based on a TEACH Grant POVR or TEACH Grant POVR adjustment.</p> | |
| 11.8 | TEACH Grant | DMCS/Accounting | <p>Servicer will report financial adjustments applied to TEACH Grants based on TEACH Grant POVR activity received from DMCS.</p> | |
| 11.9 | TEACH Grant | DMCS/Accounting | <p>Servicer will provide financial reporting to FMS upon the processing of an adjustment or adjustment reversal to a TEACH Grant due to a TEACH Grant POVR/POVR reversal.</p> | |
| 11.10 | TEACH Grant | DMCS/Accounting | <p>Servicer will provide system balancing reporting upon the receipt of TEACH Grant POVR activity from DMCS.</p> | |
| 12.0 | TEACH Grant | Correspondence | <p>Servicer will create TEACH correspondence</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.1 | TEACH Grant | Correspondence | <p>Servicer will provide the ability to regenerate on-demand, any notice that has been previously generated to a TEACH Grant borrower.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.2 | TEACH Grant | Correspondence | <p>Servicer will send correspondence to inform a borrower/recipient of the discharge of his or her student loan(s)/TEACH Grant(s).</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.3 | TEACH Grant | Correspondence | <p>The Notice of Loan/TEACH Grant Discharge correspondence will be sent when a borrower's /recipient's loan is discharged.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.4 | TEACH Grant | Correspondence | <p>The Notice of Loan/TEACH Grant Discharge correspondence will be sent to inform a deceased recipient's/borrower's estate that the borrower's/recipient's loans have been discharged.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.5 | TEACH Grant | Correspondence | <p>Servicer will generate/send the Notice of Incomplete or Missing Documents when a loan/TEACH Grant holder submits a loan/TEACH Grant for disability discharge with incomplete or missing documentation.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.6 | TEACH Grant | Correspondence | <p>Servicer will generate, send, and provide electronically upon request the TEACH Grant Welcome Correspondence to TEACH Grant recipients.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.7 | TEACH Grant | Correspondence | <p>Servicer will supply the following financial information on initial and subsequent TEACH Grant Welcome Correspondence: School, Disbursement Amount, Most Recent Date Disbursed, Potential Fixed Interest Rate, and adjustment activity from the receipt of the disbursement until it is generated.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.8 | TEACH Grant | Correspondence | <p>Servicer will include text on the TEACH Grant Welcome Correspondence that will advise TEACH Grant recipients of their teaching obligations and provide them with general TEACH Grant Program information along with contact information.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.9 | TEACH Grant | Correspondence | <p>Servicer will generate the TEACH Grant Welcome Correspondence when a new disbursement for a new TEACH Grant is received by the servicer, following the servicer's receipt of the disbursement activity, and when a subsequent disbursement for an existing TEACH Grant is received.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.10 | TEACH Grant | Correspondence | <p>Servicer will generate and send the TEACH Grant Disbursement Adjustment Made Correspondence to TEACH Grant recipient.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.11 | TEACH Grant | Correspondence | <p>Servicer will generate and send the TEACH Grant Disbursement Date Change Correspondence to TEACH Grant recipients.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.12 | TEACH Grant | Correspondence | <p>Servicer will send the Annual Certification Request Form to TEACH Grant recipients.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.13 | TEACH Grant | Correspondence | <p>For grant recipients who did not complete the program for which they received a TEACH Grant: If the recipient does not certify that he or she is teaching, or that he or she is not teaching but intends to fulfill the service obligation, another notice will be sent 120 days after separation warning the recipient that the grant will convert to a loan.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.14 | TEACH Grant | Correspondence | <p>For grant recipients who did not complete the program for which they received a TEACH Grant: If certification has not been received by the 150th day after separation, the grant will be converted to a loan and a notice will be sent to the borrower.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.15 | TEACH Grant | Correspondence | <p>Servicer will send the Consequence-Failure to Reaffirm Loan(s)/TEACH Grant(s) discharged in Disability correspondence to inform the borrower/recipient of the consequences of failing to reaffirm a loan/TEACH Grant discharged in disability.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.16 | TEACH Grant | Correspondence | <p>Servicer will send the Annual Certification Request for Additional Information notice to TEACH Grant recipients when an annual certification has been denied and/or when additional information is needed to determine if a recipient met his/her obligations for the annual certification.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 12.17 | TEACH Grant | Correspondence | <p>Servicer will send the TEACH Grant Interest Notice correspondence to notify the recipient of the total potential interest that has accrued from the date of disbursement at quarter end, and list the TEACH Grant activity on the recipient's account during that quarter.</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.0 | TEACH Grant | Reporting/NSLDS | Removed | |
| 13.1 | TEACH Grant | Reporting/NSLDS | Removed | |
| 13.2 | TEACH Grant | Reporting/NSLDS | <p>Servicer will report loan/TEACH Grant portfolio data to NSLDS in accordance with the most current version of the Federal Loan Servicer Data Provider Instructions (DPI).</p> | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |

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| 13.3 | TEACH Grant | Reporting/NSLDS | Servicer will report to NSLDS when TEACH Grants have been converted into Direct Unsubsidized Loans in accordance with the most current Federal Loan Servicer Data Provider Instruction (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.4 | TEACH Grant | Reporting/NSLDS | Servicer will report to NSLDS when TEACH Grants that have been converted to Direct Unsubsidized Loans are un-converted back into TEACH Grants in accordance with the most current Federal Loan Servicer Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.5 | TEACH Grant | Reporting/NSLDS | Servicer will report on Direct Loans and TEACH Grants in its portfolio until those Direct Loans and TEACH Grants are closed or transferred to another party and such information has been accepted by NSLDS in accordance with the Federal Loan Servicer Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.6 | TEACH Grant | Reporting/NSLDS | Servicer will report to NSLDS when TEACH Grants have been reinstated from TPD in accordance with the most current Federal Loan Servicer Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.7 | TEACH Grant | Reporting/NSLDS | Servicer will report to NSLDS when TEACH Grants that have been converted to Direct Unsubsidized Loans have been reinstated from TPD in accordance with the most current Federal Loan Servicer Data Provider Instructions (DPI). | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 13.8 | TEACH Grant | Reporting/Ops | Servicer shall capture and report the total number of TEACH grants to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.9 | TEACH Grant | Reporting/Ops | Servicer shall capture and report the total number of TEACH grant recipients to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.10 | TEACH Grant | Reporting/Ops | Servicer shall capture and report the total number of TEACH grants converted to loans to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.11 | TEACH Grant | Reporting/Ops | Servicer shall capture and report the total number of TEACH loan borrowers to the Department on a monthly basis and ad hoc as requested by FSA. | Provide sample report. |
| 13.12 | TEACH Grant | Reporting/Ops | Servicer shall capture and report the duration of service completed (0,1,2, 3, or 4 years) for all TEACH grant recipients to the Department on a monthly basis and ad hoc as requested by FSA. A recipient may be counted more than once if has more than one award. | Provide sample report. |
| 13.13 | TEACH Grant | Reporting/Ops | Servicer shall capture the recipient's teaching location, including the school/local education agency, and State where the recipient is teaching and report only at FSA request. Note--a recipient may be counted more than once if teaching at a different location in subsequent years. | Provide sample report. |
| 13.14 | TEACH Grant | Reporting/Ops | Servicer shall capture the number of recipients by subject taught (i.e. (1) Bilingual education and English language acquisition; (2) Foreign Language; (3) Mathematics; (4) Reading specialist; (5) Science; (6) Special and (7) Other high-need field) and report only at FSA request. Note--a recipient may be counted more than once if teaching a different qualifying subject in subsequent years. | Provide sample report. |
| 13.15 | TEACH Grant | Reporting/Ops | Servicer shall capture and report the number of TEACH grant recipients who have requested a period of suspension and report only at FSA request. | Provide sample report. |
| 14.0 | TEACH Grant | Web | Servicer will provide the ability for recipient to access TEACH Grant information electronically. | Provide correspondence, screen shots, or website display as applicable to demonstrate sequence of events and processing steps |
| 14.1 | TEACH Grant | Web | Servicer will allow a recipient to certify intent to satisfy his/her TEACH Grant service obligation(s) via the servicer website. | |

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE 2008-2009

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay with interest the full amount of any TEACH Grant as a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan) if you do not meet those requirements.

Note about terms used in this Agreement: Throughout this Agreement, the term “school” means an elementary or secondary school where you complete your required teaching service, and the term “school year” means an elementary or secondary school academic year. The term “institution” means the institution of higher education that awarded you a TEACH Grant.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver's License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth
6. Area Code/Telephone Number
7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address
9. Institution Code/Branch
10. Identification Number

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. Documentation of service obligation.

A. Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to the Department in writing within 120 days after I have completed or otherwise ceased enrollment in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

B. After completing each of the four required school years of teaching service as described above in Item 1 of this section, I must provide the Department with documentation of that teaching service on a form that will be available from the Department. This form must be certified by the chief administrative officer of the school where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school, as defined above in Item 1 of this section; and
- I taught a majority of classes during the period being certified in a high-need field, as defined above in Item 1 of this section.

C. If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my school employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the **2008-2009** award year (July 1, 2008 through June 30, 2009):

1. Service obligation.

A. For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after completing the program for which I receive the TEACH Grant. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and teach:

- At a **low-income school**, as defined below; and
- In a **high-need field**, as defined below, in the majority of classes that I teach during each school year.

B. For purposes of the TEACH Grant Program, a **low-income school** is a public or private elementary or secondary school that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school in which more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

A list of low-income schools is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools.

If the school where I teach meets the requirements of a low-income school during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school will still qualify for purposes of satisfying my TEACH Grant service obligation.

C. For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,
- Bilingual education,
- English language acquisition,

- Special education,
- Reading specialist, or
- Another field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department. In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I begin teaching at the time I begin teaching in that field. Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation. If I begin qualifying teaching service in a high-need field that is designated by the state where I am teaching and that is listed in the Nationwide List, but in subsequent school years of teaching that high-need field is no longer included in the Nationwide List, my subsequent years of teaching will continue to qualify for purposes of satisfying my TEACH Grant service obligation.

D. I must complete the four-year teaching obligation for each academic program for which I received TEACH Grant funds.

E. Each service obligation begins after I complete, or otherwise cease to be enrolled in, the academic program for which I received TEACH Grant funds. If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program as well as the remaining three years of my service obligation for the first program.

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

D. If I teach at more than one qualifying school during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide the Department with a certification from one or more of the chief administrative officers of the schools involved that the combined teaching is the equivalent of one school year of full-time employment, and if all of my teaching was in one or more of the high-need fields as defined above in Item 1 of this section.

3. Temporary suspension of period for completing service obligation.

A. If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

B. I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above in Paragraph A for periods of one year at a time. These periods may not exceed a combined total of three years for suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above. If I receive a suspension based on a call or order to active duty status, as described above, the suspension will end upon completion of my active duty military service.

C. I must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a

Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

D. The conditions listed above in Paragraph A are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

4. Requirement to repay for failure to complete service obligation or to meet other TEACH Grant requirements.

A. Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment in a program for which I received a TEACH Grant and I do not notify the Department within 120 days of ceasing enrollment that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment in the program for which I received a TEACH Grant before completing the program, and within one year after I cease enrollment –
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above in Item 3, Paragraph A of this section;
 - I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
 - I have not begun qualifying teaching service as described above in Item 1 of this section.
- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to the Department at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

B. If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is

Unsubsidized Loans. Throughout this section, the word “loan” refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words “we,” “us,” and “our” refer to the Department.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (the HEA). Loans made under the Direct Loan Program are known as “Direct Loans.”

Our Direct Loan Servicing Center services, answers questions about, and processes payments on Direct Loans. We will provide you with the address and telephone number of the Direct Loan Servicing Center after a TEACH Grant that you received has been converted to a Direct Unsubsidized Loan.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined in accordance with the HEA (20 U.S.C. 1070 *et seq.*), the Department’s regulations, and other applicable federal laws and regulations. These laws and regulations are referred to as “the Act” throughout this section of the Agreement. Applicable state law, except as preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any change to the Act applies to loans in accordance with the effective date of the change.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

This terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the loan principal amount.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if mailed by first class mail to the most recent address that we have for you. You must immediately notify us of a change of address or status as specified below in Item 5.

If the Department fails to enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

5. Information you must report to us.

converted to a Direct Unsubsidized Loan, there is no grace period. The repayment period on the loan begins on the date the grant is converted into a loan.

C. Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to one or more national credit bureaus as explained in Section D, Item 14.

D. A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. Discharge of a TEACH Grant service obligation.

A. The Department will discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 682.200(b), and I meet certain additional conditions during a three-year conditional discharge period as described in regulations at 34 CFR 685.213.

B. If the Department discharges my service obligation under one of the two conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan and neither I nor my family will be required to repay those funds.

6. Cancellation of a TEACH Grant.

A. I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the first day of the payment period, whichever is later (the institution can tell me the first day of the payment period).

B. If I notify the institution that I want to cancel all or a portion of a TEACH Grant within the timeframe described above in Paragraph A, the institution must return the TEACH Grant funds to the Department and they will not be converted to Direct Unsubsidized Loan.

C. If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above in Paragraph A, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct

| | | |
|--|---|--------------------------|
| | loan... | |
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2008 to June 1, 2017 (at 6.8%) | \$7,708 (paid at time of conversion to a loan) | \$7,708 (capitalized) |
| Principal to be Repaid | \$16,000 | \$23,708 |
| Monthly Payment (Standard Repayment Plan) | \$184 | \$273 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$22,095 | \$32,740 |

In this example, you would pay \$88 less per month and \$10,572 less altogether if you pay the accrued interest at the time the TEACH Grant funds are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. The repayment incentive program described below may be available to you. The Direct Loan Servicing Center can provide you with more information on other repayment incentive programs that may be available.

Interest Rate Reduction for Electronic Debit Account Repayment

Under the Electronic Debit Account (EDA) repayment option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. You receive a 0.25 percent interest rate reduction while you repay under the EDA option. In addition, EDA helps to ensure that your payments are made on time. We will include information about the EDA option in your first bill. You can also get the information on the Direct Loan Servicing Center's web site, or by calling the Direct Loan Servicing Center. The Direct Loan Servicing Center's web site address and toll-free telephone number are provided on all correspondence that the Direct Loan Servicing Center sends you.

10. Repaying your loan.

You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant. You must repay the loan in monthly installments during a repayment

after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000.

- ***Income Contingent Repayment Plan*** – Under this plan, your monthly payment amount will be based on your annual income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues each month on your loan unless you request a forbearance. As your income changes, your payments may change. If your loan is not repaid in full after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.
- ***Income-Based Repayment Plan (effective July 1, 2009)*** – Under this plan, your required monthly payment will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you meet certain requirements during a specified period of time, you may qualify for cancellation of any outstanding balance on your loans.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

You can estimate the monthly and total amounts you would repay under the various repayment plans by using the online calculator available at www.ed.gov/offices/OSFSP/DirectLoan/calc.html or, if you already have a Direct Loan, by using the calculator on the Direct Loan Servicing Center's web site at www.dl.ed.gov.

You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

When you have repaid a loan in full, the Direct Loan Servicing Center will send you a notice telling you that you have paid off your loan.

11. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney's fees, court costs, and other fees.

You may be required to pay (1) a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and (2) any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

12. Demand for immediate repayment.

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment while you are:

- Enrolled at least half-time at an eligible postsecondary institution;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- Experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years); or
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service.

If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at an eligible institution or within 6 months of having been enrolled, you are also eligible for a deferment during the 13 months following the conclusion of your active duty, or until you return to enrolled student status, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. Contact the Direct Loan Servicing Center for more information about these additional deferments.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if (1) you submit a deferment request form to the Direct Loan Servicing Center along with documentation of your eligibility for the deferment, or (2) the Direct Loan Servicing Center receives information from the institution you are attending that indicates you are enrolled at least half-time. If the Direct Loan Servicing Center processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to the Direct Loan Servicing Center, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation

You must notify us if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name); or
- You have any other change in status that would affect your loan (for example, if you received a deferment while you were unemployed, but you have found a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

The interest rate on a Direct Unsubsidized Loan is a fixed rate of 6.8%.

8. Payment of interest.

We charge interest on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first and each subsequent disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan. This is called “capitalization.” Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2008 and completed in June 2012, and your TEACH Grant funds were converted to a Direct Unsubsidized Loan in June 2017 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$7,656 in interest would have accrued before the grants were converted to a loan. The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest at the time of conversion to a loan, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest at the time the TEACH Grant funds are converted to a | If you do not pay the interest and it is capitalized... |
|--|---|--|
| | | |

period that begins on the date the TEACH Grant is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4. The Direct Loan Servicing Center will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates.

You must make payments on your loan even if you do not receive a bill or repayment notice. Billing information is sent to you as a convenience, and you are obligated to make payments even if you do not receive a notice or bill.

Loan payments that you make or that are made on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan, except during periods of repayment under an Income-Based Repayment Plan, when payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

If you are unable to make your scheduled loan payments, we may allow you to temporarily stop making payments, reduce your payment amount, or extend the time for making payments, as long as you intend to repay your loan. Allowing you to temporarily delay or reduce loan payments is called forbearance.

We may adjust payment dates on your loans or may grant you forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loans at any time without penalty. If you do not specify which loans you are prepaying, we will determine how to apply the prepayment in accordance with the Act. After you have repaid a Direct Unsubsidized Loan in full, we will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

You may choose one of the following repayment plans to repay your loan:

- ***Standard Repayment Plan*** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- ***Graduated Repayment Plan*** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. No single payment will be more than three times the amount of any other payment.
- ***Extended Repayment Plan*** – Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. You are eligible for this repayment plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, “Payment of interest”).

16. Discharge (having your loan forgiven).

We will discharge (forgive) your loan if:

- The Direct Loan Servicing Center receives acceptable documentation of your death.
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. In order to have your loan discharged in bankruptcy, you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- We determine that you are totally and permanently disabled (as defined in the Act), based on a physician’s certification, and you meet additional requirements during a 3-year conditional discharge period. During that period, your earnings from work must not exceed the poverty line amount for a family of two, and you must not receive any additional loans under the Direct Loan, FFEL, or Federal Perkins Loan programs, or any additional TEACH Grants.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;
- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or
- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you teach full time for five consecutive years in certain low-income elementary and/or secondary schools and meet certain other qualifications, and if you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

A public service loan forgiveness program is available under which you may qualify for cancellation of the remaining balance due on your eligible Direct Loan Program loans

The entire unpaid amount of your loan becomes due and payable (this is called “acceleration”) if you default on your loan.

13. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably concludes that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national credit bureaus (see Item 14, “credit bureau notification”) and will significantly and adversely affect your credit history. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal income tax refund and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

14. Credit bureau notification.

We will report information about your loan to one or more national credit bureaus. This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments).

If you default on a loan, we will also report this to national credit bureaus. We will notify you at least 30 days in advance that we plan to report default information to a credit bureau unless you resume making payments on the loan within 30 days. You will be given a chance to ask for a review of the debt before we report it.

If a credit bureau contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the credit bureau with a prompt response.

15. Deferment and forbearance (postponing payments)

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a “need-to-know” basis, and control individual users’ ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as a deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. The time required to complete this information collection is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data sources, gather and maintain the data needed, and complete and review the information.

If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving the form, please write to: U.S. Department of Education, Washington, DC 20202-4700.

If you have any comments or concerns regarding the status of your individual submission of this form, write directly to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS

1. For any TEACH Grant I receive for the **2008-2009** award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

2. For any TEACH Grant I receive for the **2008-2009** award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement –

- I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.
- I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.
- I authorize the Department and its respective agents and contractors to contact me regarding repayment of my loan at the current or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.

or your eligibility if the Direct Loan Servicing Center confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan.

The Direct Loan Servicing Center can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from the Direct Loan Servicing Center's web site. In some cases, the Direct Loan Servicing Center may grant a deferment based on confirmation that you have been granted the same type of deferment for the same period of time on a FFEL Program loan.

If you are in default on your loan, you are not eligible for a deferment.

We charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20 percent or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing service that would qualify you for loan forgiveness under the teacher loan forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact the Direct Loan Servicing Center. The Direct Loan Servicing Center can provide you with a forbearance request form that explains the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from the Direct Loan Servicing Center's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while employed in certain public service jobs.

To request loan discharge or forgiveness based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete a loan discharge application that you may obtain from the Direct Loan Servicing Center.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under applicable state law. If you believe that you have a defense against repayment of your loan, contact the Direct Loan Servicing Center.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

17. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate (combine) one or more of your eligible federal education loans into one loan. Consolidation allows you to extend the period of time that you have to repay your loans, and to combine several loan debts into a single monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact the Direct Loan Servicing Center for more information about loan consolidation.

18. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

19. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of the AmeriCorps program.

not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

- I authorize the Department to release information about my loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.
 - I authorize my institutions, lenders and guarantors, the Department, and their agents to release information about my loan to each other.
3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:
- I change my address or telephone number; or
 - I change my name (for example, maiden name to married name).
4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.
5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.
6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.
7. TEACH Grant Recipient's Signature
8. Today's Date

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE 2008-2009

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay with interest the full amount of any TEACH Grant as a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan) if you do not meet those requirements.

Note about terms used in this Agreement: Throughout this Agreement, the term “school” means an elementary or secondary school where you complete your required teaching service, and the term “school year” means an elementary or secondary school academic year. The term “institution” means the institution of higher education that awarded you a TEACH Grant.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth
6. Area Code/Telephone Number
7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address
9. Institution Code/Branch
10. Identification Number

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the **2008-2009** award year (July 1, 2008 through June 30, 2009):

1. Service obligation.

A. For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after I complete or otherwise cease to be enrolled in the program for which I receive the TEACH Grant. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and teach:

- At a **low-income school**, as defined below; and
- In a **high-need field**, as defined below, in more than half of the classes that I teach during each school year.

B. For purposes of the TEACH Grant Program, a **low-income school** is a public or private elementary or secondary school that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school in which more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

A list of low-income schools is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools.

If the school where I teach meets the requirements of a low-income school during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school will still qualify for purposes of satisfying my TEACH Grant service obligation.

C. For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,
- Bilingual education,
- English language acquisition,

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

D. If I teach at more than one qualifying school during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide the Department with a certification from one or more of the chief administrative officers of the schools involved that the combined teaching is the equivalent of one school year of full-time employment, and if more than half of the classes that I taught were in one or more of the high-need fields as defined above in Item 1 of this section.

3. Temporary suspension of period for completing service obligation.

A. If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

B. I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above in Paragraph A for periods of one year at a time. These periods may not exceed a combined total of three years for suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above. If I receive a suspension based on a call or order to active duty status, as described above, the suspension will end upon completion of my active duty military service.

C. I must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a

- Special education,
- Reading specialist, or
- Another field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department. In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I begin teaching at the time I begin teaching in that field. Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation. If I begin qualifying teaching service in a high-need field that is designated by the state where I am teaching and that is listed in the Nationwide List, but in subsequent school years of teaching that high-need field is no longer included in the Nationwide List, my subsequent years of teaching will continue to qualify for purposes of satisfying my TEACH Grant service obligation.

D. I must complete the four-year service obligation for each academic program for which I received TEACH Grant funds.

E. Each service obligation begins after I complete, or otherwise cease to be enrolled in, the academic program for which I received TEACH Grant funds. If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program as well as the remaining three years of my service obligation for the first program.

converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

C. Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to national consumer reporting agencies as explained in Section D, Item 14.

D. A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. Discharge of a TEACH Grant service obligation.

A. The Department will discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 682.200(b), and I meet certain additional requirements.

B. If the Department discharges my service obligation under one of the two conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan and neither I nor my family will be required to repay those funds.

6. Cancellation of a TEACH Grant.

A. I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the first day of the payment period, whichever is later (the institution can tell me the first day of the payment period).

B. If I notify the institution that I want to cancel all or a portion of a TEACH Grant within the timeframe described above in Paragraph A, the institution must return the TEACH Grant funds to the Department.

C. If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above in Paragraph A, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

D. Any TEACH Grant funds that the institution returns to the Department based on my request will not be converted to a Direct Unsubsidized Loan.

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. Documentation of service obligation.

A. Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to the Department in writing within 120 days after I have completed or otherwise ceased to be enrolled in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

B. After completing each of the four required school years of teaching service as described above in Item 1 of this section, I must provide the Department with documentation of that teaching service on a form that will be available from the Department. This form must be certified by the chief administrative officer of the school where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school, as defined above in Item 1 of this section; and
- More than half of the classes that I taught during the period being certified were in a high-need field, as defined above in Item 1 of this section.

C. If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my school employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

If the Department fails to enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

Information about any TEACH Grant you receive that is converted to a Direct Unsubsidized Loan will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

5. Information you must report to us.

You must notify us if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name); or
- You have any other change in status that would affect your loan (for example, if you received a deferment while you were unemployed, but you have found a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

The interest rate on a Direct Unsubsidized Loan is a fixed rate of 6.8%. If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans obtained prior to military service may be limited to 6 percent during your military service. If you believe you are eligible for this benefit, you must contact the Direct Loan Servicing Center for important information on the documentation that you must provide in order to qualify.

8. Payment of interest.

Except as provided below for certain military borrowers, we charge interest on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first and each subsequent disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

If you are an eligible military borrower, we do not charge interest on Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). For Direct Consolidation Loans, this benefit applies to the portion of the consolidation loan that repaid loans first disbursed on or after October 1, 2008.

Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

D. The conditions listed above in Paragraph A are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

4. Requirement to repay for failure to complete service obligation or to meet other TEACH Grant requirements.

A. Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment in a program for which I received a TEACH Grant before completing the program and I do not notify the Department within 120 days of ceasing enrollment that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment in the program for which I received a TEACH Grant before completing the program, and within one year after I cease enrollment –
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above in Item 3, Paragraph A of this section;
 - I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
 - I have not begun qualifying teaching service as described above in Item 1 of this section.
- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to the Department at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

B. If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. The repayment incentive program described below may be available to you. The Direct Loan Servicing Center can provide you with more information on other repayment incentive programs that may be available.

Interest Rate Reduction for Electronic Debit Account Repayment

Under the Electronic Debit Account (EDA) repayment option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. You receive a 0.25 percent interest rate reduction while you repay under the EDA option. In addition, EDA helps to ensure that your payments are made on time. We will include information about the EDA option in your first bill. You can also get the information on the Direct Loan Servicing Center's web site, or by calling the Direct Loan Servicing Center. The Direct Loan Servicing Center's web site address and toll-free telephone number are provided on all correspondence that the Direct Loan Servicing Center sends you.

10. Grace period and repayment of your loan.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4, you will receive a six-month grace period on repayment beginning on the day after the grant is converted to a loan. You must repay the loan in monthly installments during a repayment period that begins on the day after the end of the six-month grace period. The Direct Loan Servicing Center will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates. You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant.

You must make payments on your loan even if you do not receive a bill or repayment notice. Billing information is sent to you as a convenience, and you are obligated to make payments even if you do not receive a notice or bill.

Loan payments that you make or that are made on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan, except during periods of repayment under an Income-Based Repayment Plan, when payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

If you are unable to make your scheduled loan payments, we may allow you to temporarily stop making payments, reduce your payment amount, or extend the time for making payments, as long as you intend to repay your loan. Allowing you to temporarily delay or reduce loan payments is called forbearance.

We may adjust payment dates on your loans or may grant you forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loans at any time without penalty. If you do not specify which loans you are prepaying, we will determine how to

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct Unsubsidized Loans. Throughout this section, the word “loan” refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words “we,” “us,” and “our” refer to the Department.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (the HEA). Loans made under the Direct Loan Program are known as “Direct Loans.”

Our Direct Loan Servicing Center services, answers questions about, and processes payments on Direct Loans. We will provide you with the address and telephone number of the Direct Loan Servicing Center after a TEACH Grant that you received has been converted to a Direct Unsubsidized Loan.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined in accordance with the HEA (20 U.S.C. 1070 *et seq.*), the Department’s regulations, and other applicable federal laws and regulations. These laws and regulations are referred to as “the Act” throughout this section of the Agreement. Applicable state law, except as preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any change to the Act applies to loans in accordance with the effective date of the change.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the loan principal amount.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if mailed by first class mail to the most recent address that we have for you. You must immediately notify us of a change of address or status as specified below in Item 5.

You can estimate the monthly and total amounts you would repay under the various repayment plans by using the online calculator available at <http://www.ed.gov/offices/OSFAP/DirectLoan/calc.html> or, if you already have a Direct Loan, by using the calculator on the Direct Loan Servicing Center's web site at www.dl.ed.gov.

You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

When you have repaid a loan in full, the Direct Loan Servicing Center will send you a notice telling you that you have paid off your loan.

11. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

You may be required to pay **(1)** a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and **(2)** any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

12. Demand for immediate repayment.

The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you default on your loan.

13. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably conclude that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national consumer reporting agencies (see Item 14, "Consumer reporting agency notification") and will significantly and adversely affect your credit history. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal income tax refund and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.

following the conclusion of your active duty, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. Contact the Direct Loan Servicing Center for more information about these additional deferments.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if (1) you submit a deferment request form to the Direct Loan Servicing Center along with documentation of your eligibility for the deferment, or (2) the Direct Loan Servicing Center receives information from the institution you are attending that indicates you are enrolled at least half-time. If the Direct Loan Servicing Center processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to the Direct Loan Servicing Center, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if the Direct Loan Servicing Center confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan.

The Direct Loan Servicing Center can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from the Direct Loan Servicing Center's web site.

If you are in default on your loan, you are not eligible for a deferment.

Except as provided in Item 8 of this section for certain military borrowers, we charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20 percent or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases,

- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or
- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you teach full time for five consecutive years in certain low-income elementary and/or secondary schools and meet certain other qualifications, and if you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

A public service loan forgiveness program is available under which you may qualify for cancellation of the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while employed in certain public service jobs.

The Act may provide for additional loan forgiveness or repayment benefits on your loans. If other loan forgiveness or repayment options become available, the Direct Loan Servicing Center will provide you with information about these benefits.

To request loan discharge or forgiveness based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete an application that you may obtain from the Direct Loan Servicing Center.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under applicable state law. If you believe that you have a defense against repayment of your loan, contact the Direct Loan Servicing Center.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

17. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate (combine) one or more of your eligible federal education loans into one loan. Consolidation allows you to extend the period of time that you have to repay your loans, and to combine several loan debts into a single monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan on the date the loan enters repayment (see Item 10, “Grace period and repayment of your loan”). This is called “capitalization.” Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2008 and completed in June 2012, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2016 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$7,708 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2017. The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|--|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2008 to June 1, 2017 (at 6.8%) | \$7,708 (paid before the loan enters repayment) | \$7,708 (capitalized) |
| Principal to be Repaid | \$16,000 | \$23,708 |
| Monthly Payment (Standard Repayment Plan) | \$184 | \$273 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$22,095 | \$32,740 |

In this example, you would pay \$89 less per month and \$10,645 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

§31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as a deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your

2. For any TEACH Grant I receive for the **2008-2009** award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement –

- I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.
- I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.
- I authorize the Department and its respective agents and contractors to contact me regarding repayment of my loan at the current or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
- I authorize the Department to release information about my loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.
- I authorize my institutions, lenders and guarantors, the Department, and their agents to release information about my loan to each other.

3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:

- I change my address or telephone number; or
- I change my name (for example, maiden name to married name).

4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.

5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.

6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.

7. TEACH Grant Recipient's Signature

8. Today's Date

apply the prepayment in accordance with the Act. After you have repaid a Direct Unsubsidized Loan in full, we will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

You may choose one of the following repayment plans to repay your loan:

- ***Standard Repayment Plan*** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- ***Graduated Repayment Plan*** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. No single payment will be more than three times the amount of any other payment.
- ***Extended Repayment Plan*** – Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. You are eligible for this repayment plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000.
- ***Income Contingent Repayment Plan*** – Under this plan, your monthly payment amount will be based on your annual income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues each month on your loan unless you request a forbearance. As your income changes, your payments may change. If your loan is not repaid in full after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.
- ***Income-Based Repayment Plan (effective July 1, 2009)*** – Under this plan, your required monthly payment will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you meet certain requirements during a specified period of time, you may qualify for cancellation of any outstanding balance on your loans.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

14. Consumer reporting agency notification.

We will report information about your loan to national consumer reporting agencies. This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be reported as an education loan.

If you default on a loan, we will also report this to national consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to consumer reporting agencies unless you resume making payments on the loan within 30 days. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

15. Deferment and forbearance (postponing payments)

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment while you are:

- Enrolled at least half-time at an eligible postsecondary institution;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- Experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years); or
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service.

If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half time at an eligible institution or within 6 months of having been enrolled at least half time, you are also eligible for a deferment during the 13 months

the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;

- You are performing service that would qualify you for loan forgiveness under the teacher loan forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact the Direct Loan Servicing Center. The Direct Loan Servicing Center can provide you with a forbearance request form that explains the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from the Direct Loan Servicing Center's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, "Payment of interest").

16. Discharge (having your loan forgiven).

We will discharge (forgive) your loan if:

- The Direct Loan Servicing Center receives acceptable documentation of your death.
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. In order to have your loan discharged in bankruptcy, you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- We determine that you are totally and permanently disabled (as defined in the Act) and you meet certain other requirements.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;

longer period of time. Contact the Direct Loan Servicing Center for more information about loan consolidation.

18. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

19. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of the AmeriCorps program.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and

debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. The time required to complete this information collection is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data sources, gather and maintain the data needed, and complete and review the information.

If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving the form, please write to: U.S. Department of Education, Washington, DC 20202-4700.

If you have any comments or concerns regarding the status of *your individual submission* of this form, write directly to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

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| SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS |
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1. For any TEACH Grant I receive for the **2008-2009** award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE 2011-2012

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay, with interest, the full amount of any TEACH Grant as a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan) if you do not meet those requirements.

Note about terms used in this Agreement: Throughout this Agreement, the term “school” means an elementary or secondary school where you complete your required teaching service, and the term “school year” means an elementary or secondary school academic year. The term “institution” means the institution of higher education that awarded you a TEACH Grant.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth
6. Area Code/Telephone Number
7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address
9. Institution Code/Branch
10. Identification Number

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the **2011-2012** award year (July 1, 2011 through June 30, 2012):

1. Service obligation.

A. For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after I complete or otherwise cease to be enrolled in the program for which I receive the TEACH Grant. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and teach:

- At a **low-income school** or **educational service agency**, as defined below; and
- In a **high-need field**, as defined below, in more than half of the classes that I teach during each school year.

B. For purposes of the TEACH Grant Program, a **low-income school** or educational service agency is a public or private elementary or secondary school or educational service agency that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school or educational service agency in which more than 30 percent of the school's or educational service agency's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

An **educational service agency** (ESA) is a regional, public multiservice agency (not a private organization) authorized by state statute to develop, manage, and provide services or programs to local educational agencies (such as public school districts), as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.

A list of low-income schools and ESAs is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools.

If the school or ESA where I teach meets the requirements of a low-income school or ESA during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or ESA will still qualify for purposes of satisfying my TEACH Grant service obligation.

C. For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,
- Bilingual education,
- English language acquisition,
- Special education,
- Reading specialist, or
- Another field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department.

In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I am teaching:

- (1) At the time I begin teaching in that field, even if that field is subsequently removed from the Nationwide List; or
- (2) During any award year in which I receive a TEACH Grant, even if that field is no longer designated as high-need when I begin teaching.

Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation. **D.** I must complete the four-year service obligation for each academic program for which I received TEACH Grant funds.

E. Each service obligation begins after I complete, or otherwise cease to be enrolled in, the academic program for which I received TEACH Grant funds. If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation.

After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program as well as the remaining three years of my service obligation for the first program.

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. Documentation of service obligation.

A. Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to the Department in writing within 120 days after I have completed or otherwise ceased to be enrolled in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

B. After completing each of the four required school years of teaching service as described above in Item 1 of this section, I must provide the Department with documentation of that teaching service on a form that will be available from the Department. This form must be certified by the chief administrative officer of the school or ESA where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school or ESA, as defined above in Item 1 of this section; and

B. I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above in Paragraph A for periods of one year at a time.

- If I receive suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above, these periods may not exceed a combined total of three years.
- If I receive a suspension based on a call or order to active duty status, as described above, the periods of suspension may not exceed a total of three years. However, if my active duty status exceeds three years, I may be eligible for a discharge of all or a portion of my service obligation, as described in Item 5, Paragraph A.

C. I, or my personal representative in the case of a suspension based on a call or order to active duty status, must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

D. The conditions listed above in Paragraph A are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

4. Requirement to repay for failure to complete service obligation or to meet other TEACH Grant requirements.

A. Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment in a program for which I received a TEACH Grant before completing the program and I do not notify the Department within 120 days of ceasing enrollment that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment in the program for which I received a TEACH Grant before completing the program, and within one year after I cease enrollment:
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above in Item 3, Paragraph A of this section;

- More than half of the classes that I taught during the period being certified were in a high-need field, as defined above in Item 1 of this section.

C. If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

D. If I teach at more than one qualifying school or ESA during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide the Department with a certification from one or more of the chief administrative officers of the schools or ESAs involved that the combined teaching is the equivalent of one school year of full-time employment, and if more than half of the classes that I taught were in one or more of the high-need fields as defined above in Item 1 of this section.

3. Temporary suspension of period for completing service obligation.

A. If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

- A discharge of two years of my four-year service obligation if the call or order to active duty status is for more than four years;
- A discharge of three years of my four-year service obligation if the call or order to active duty is for more than five years; or
- A total discharge of my four-year service obligation if the call or order to active duty status is for more than six years.

To apply for a discharge based on military service, I, or my personal representative, must submit a written discharge request to the Department and must provide the Department with:

- A written statement from my commanding officer certifying that:
 - I am on active duty in the Armed Forces of the United States;
 - The date on which my service began; and
 - The date on which my service is expected to end; or
- A copy of my official military orders and a copy of my military identification.

For the purposes of a military service discharge, the **Armed Forces** means the Army, Navy, Air Force, Marine Corps, and the Coast Guard.

B. If the Department discharges my service obligation under one of the three conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan, and neither I nor my family will be required to repay those funds. However, if my service obligation is only partially discharged due to my active duty status, I will remain responsible for satisfying the remaining portion of my service obligation that is not discharged.

6. Cancellation of a TEACH Grant.

A. I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the first day of the payment period, whichever is later (the institution can tell me the first day of the payment period).

B. If I notify the institution that I want to cancel all or a portion of a TEACH Grant within the timeframe described above in Paragraph A, the institution must return the TEACH Grant funds to the Department.

C. If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above in Paragraph A, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

D. Any TEACH Grant funds that the institution returns to the Department based on my request will not be converted to a Direct Unsubsidized Loan.

- I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
- I have not begun qualifying teaching service as described above in Item 1 of this section.
- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to the Department at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

B. If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

C. Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to national consumer reporting agencies as explained in Section D, Item 14.

D. A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. Discharge of a TEACH Grant service obligation.

A. The Department will fully discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 682.200(b), and I meet certain additional requirements.

The Department will grant a proportional discharge of my service obligation if I have received the maximum three-year suspension based on military service in accordance with Item 3, Paragraph A, and I am subject to an extended call or order to active duty status as a member of the **Armed Forces** of the United States. In such cases, the Department will grant a proportional discharge of my service obligation as follows:

- A discharge of one year of my four-year service obligation if the call or order to active duty status is for more than three years;

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct Unsubsidized Loans. Throughout this section, the word “loan” refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words “we,” “us,” and “our” refer to the Department.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (the HEA). Loans made under the Direct Loan Program are known as “Direct Loans.”

Direct loans are made by the U.S. Department of Education. We contract with servicers to service, answer questions about, and process payments on Direct Loans. We will provide you with the address and telephone number of your servicer after a TEACH Grant that you received has been converted to a Direct Unsubsidized Loan.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined in accordance with the HEA (20 U.S.C. 1070 *et seq.*), the Department’s regulations, and other applicable federal laws and regulations. These laws and regulations are referred to as “the Act” throughout this section of the Agreement. Applicable state law, except as preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any change to the Act applies to loans in accordance with the effective date of the change.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the loan principal amount.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if mailed by first class mail to the most recent address that we have for you. You must immediately notify us of a change of address or status as specified below in Item 5.

If the Department fails to enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

Information about any TEACH Grant you receive that is converted to a Direct Unsubsidized Loan will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

5. Information you must report to us.

You must notify us if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name); or
- You have any other change in status that would affect your loan (for example, if you received a deferment while you were unemployed, but you have found a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

The interest rate on a Direct Unsubsidized Loan is a fixed rate of 6.8%. If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans obtained prior to military service may be limited to 6 percent during your military service. If you believe you are eligible for this benefit, you must contact your servicer for important information on the documentation that you must provide in order to qualify.

8. Payment of interest.

Except as provided below for certain military borrowers, we charge interest on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first and each subsequent disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

If you are an eligible military borrower, we do not charge interest on Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). For Direct Consolidation Loans, this benefit applies to the portion of the consolidation loan that repaid loans first disbursed on or after October 1, 2008.

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan on the date the loan enters repayment (see Item 10, “Grace period and repayment of your loan”). This is called “capitalization.” Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2008 and completed in June 2012, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2016 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$7,708 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2017. The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|--|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2008 to June 1, 2017 (at 6.8%) | \$7,708 (paid before the loan enters repayment) | \$7,708 (capitalized) |
| Principal to be Repaid | \$16,000 | \$23,708 |
| Monthly Payment (Standard Repayment Plan) | \$184 | \$273 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$22,095 | \$32,740 |

In this example, you would pay \$89 less per month and \$10,645 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. The repayment incentive program described below may be available to you. Your servicer can provide you with more information on other repayment incentive programs that may be available.

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. You receive a 0.25 percent interest rate reduction while you repay under the automatic withdrawal option. In addition, automatic withdrawal helps to ensure that your payments are made on time. We will include information about the automatic withdrawal option in your first bill. You can also get the information on your servicer's web site, or by calling the servicer. Your servicer's web site address and toll-free telephone number are provided on all correspondence that your servicer sends you.

10. Grace period and repayment of your loan.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4, you will receive a six-month grace period on repayment beginning on the day after the grant is converted to a loan. You must repay the loan in monthly installments during a repayment period that begins on the day after the end of the six-month grace period. The Direct Loan Servicing Center will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates. You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant.

You must make payments on your loan even if you do not receive a bill or repayment notice. Billing information is sent to you as a convenience, and you are obligated to make payments even if you do not receive a notice or bill.

Loan payments that you make or that are made on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan, except during periods of repayment under an Income-Based Repayment Plan, when payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

If you are unable to make your scheduled loan payments, we may allow you to temporarily stop making payments, reduce your payment amount, or extend the time for making payments, as long as you intend to repay your loan. Allowing you to temporarily delay or reduce loan payments is called forbearance.

We may adjust payment dates on your loans or may grant you forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loans at any time without penalty. If you do not specify which loans you are prepaying, we will determine how to apply the prepayment in accordance with the Act. After you have repaid a Direct

Unsubsidized Loan in full, we will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

You may choose one of the following repayment plans to repay your loan:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. No single payment will be more than three times the amount of any other payment.
- **Extended Repayment Plan** – Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. You are eligible for this repayment plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000.
- **Income Contingent Repayment Plan** – Under this plan, your monthly payment amount will be based on your annual income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues each month on your loan unless you request a forbearance. As your income changes, your payments may change. If your loan is not repaid in full after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.
- **Income-Based Repayment Plan** – Under this plan, your required monthly payment will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If your loans are not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, you may qualify for cancellation of any outstanding balance on your loans.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

You can estimate the monthly and total amounts you would repay under the various repayment plans by using the online calculator available at <http://www.ed.gov/offices/OSFAP/DirectLoan/calc.html> . You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan.

11. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

You may be required to pay **(1)** a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and **(2)** any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

12. Demand for immediate repayment.

The entire unpaid amount of your loan becomes due and payable (this is called “acceleration”) if you default on your loan.

13. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably conclude that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national consumer reporting agencies (see Item 14, “Consumer reporting agency notification”) and will significantly and adversely affect your credit history. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal income tax refund and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

14. Consumer reporting agency notification.

We will report information about your loan to national consumer reporting agencies. This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be reported as an education loan.

If you default on a loan, we will also report this to national consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agencies unless you resume making payments on the loan within 30 days. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

15. Deferment and forbearance (postponing payments)

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a forbearance. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment while you are:

- Enrolled at least half-time at an eligible postsecondary institution;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- Experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years); or
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service.

If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half time at an eligible institution or within 6 months of having been enrolled at least half time, you are also eligible for a deferment during the 13 months following the conclusion of your active duty, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal

Family Education Loan (FFEL) Program before July 1, 1993. Contact your servicer for more information about these additional deferments.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if (1) you submit a deferment request form to your servicer along with documentation of your eligibility for the deferment, or (2) your servicer receives information from the institution you are attending that indicates you are enrolled at least half-time. If your servicer processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from the your servicer's web site.

If you are in default on your loan, you are not eligible for a deferment.

Except as provided in Item 8 of this section for certain military borrowers, we charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20 percent or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing service that would qualify you for loan forgiveness under the teacher loan forgiveness program that is available to certain Direct Loan and FFEL program borrowers;

- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer. Your servicer can provide you with a forbearance request form that explains the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from your servicer's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, "Payment of interest").

16. Discharge (having your loan forgiven).

We will discharge (forgive) your loan if:

- Your servicer receives acceptable documentation of your death.
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. In order to have your loan discharged in bankruptcy, you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- We determine that you are totally and permanently disabled (as defined in the Act) and you meet certain other requirements.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;
- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or
- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

19. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of the AmeriCorps program.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan)

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you teach full time for five consecutive years in certain low-income elementary schools, secondary schools, and/or qualifying schools operated by educational service agencies, meet certain other qualifications, and if you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

A public service loan forgiveness program is available under which you may qualify for cancellation of the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while employed in certain public service jobs.

The Act may provide for additional loan forgiveness or repayment benefits on your loans. If other loan forgiveness or repayment options become available, your servicer will provide you with information about these benefits.

To request loan discharge or forgiveness based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete an application that you may obtain from your servicer.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

17. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate (combine) one or more of your eligible federal education loans into one loan. Consolidation allows you to extend the period of time that you have to repay your loans, and to combine several loan debts into a single monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.

18. Department of Defense and other federal agency loan repayment.

Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as a deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information,

disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. Public reporting burden for this collection of information is estimated to average 0.5 hours (30 minutes) per response, including time for reviewing instructions, search existing data resources, gathering and maintaining the data needed, and completing and reviewing the collection information. Individuals are obligated to respond to this collection to obtain a benefit in accordance with 35 C.F.R. § 686.12(a). Send comments regarding the burden estimate(s) or any other aspects of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Education, 400 Maryland Avenue, SW, Washington, D.C. 20210-4537 or e-mail ICDocketMgr@ed.gov and reference OMB Control Number 18450-0083. **Note: Please do not return the completed Teacher Education Assistant for College and Higher Education Grant Program Agreement to Serve to this address.**

If you have any comments or concerns regarding the status of *your individual submission* of this form, write directly to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS

1. For any TEACH Grant I receive for the **2011-2012** award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

2. For any TEACH Grant I receive for the **2011-2012** award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement:

- I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.
- I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.
- I authorize the Department and its respective agents and contractors to contact me regarding repayment of my loan at the current or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
- I authorize the Department to release information about my loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.
- I authorize my institutions, lenders and guarantors, the Department, and their agents to release information about my loan to each other.

3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:

- I change my address or telephone number; or
- I change my name (for example, maiden name to married name).

4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.

5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.

6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.

7. TEACH Grant Recipient's Signature

8. Today's Date

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE

[VARIABLE FIELD FOR AWARD YEAR]

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay, with interest, the full amount of any TEACH Grant as a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan) if you do not meet those requirements.

Note about terms used in this Agreement: Throughout this Agreement, the term “school” means an elementary or secondary school where you complete your required teaching service, and the term “school year” means an elementary or secondary school academic year. The term “institution” means the institution of higher education that awarded you a TEACH Grant.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth
6. Area Code/Telephone Number
7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address
9. Institution Code/Branch
10. Identification Number

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the [VARIABLE FIELD] award year (July 1, [VARIABLE FIELD] through June 30, [VARIABLE FIELD]):

1. Service obligation.

A. For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after I complete or otherwise cease to be enrolled in the program for which I receive the TEACH Grant. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and teach:

- At a **low-income school** or **educational service agency**, as defined below; and
- In a **high-need field**, as defined below, in more than half of the classes that I teach during each school year.

B. For purposes of the TEACH Grant Program, a **low-income school** or educational service agency is a public or private elementary or secondary school or educational service agency that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school or educational service agency in which more than 30 percent of the school's or educational service agency's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

An **educational service agency** (ESA) is a regional, public multiservice agency (not a private organization) authorized by state statute to develop, manage, and provide services or programs to local educational agencies (such as public school districts), as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.

A list of low-income schools and ESAs is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools.

If the school or ESA where I teach meets the requirements of a low-income school or ESA during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or ESA will still qualify for purposes of satisfying my TEACH Grant service obligation.

C. For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,

am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program as well as the remaining three years of my service obligation for the first program.

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. Documentation of service obligation.

A. Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to the Department in writing within 120 days after I have completed or otherwise ceased to be enrolled in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

B. After completing each of the four required school years of teaching service as described above in Item 1 of this section, I must provide the Department with documentation of that teaching service on a form that will be available from the Department. This form must be certified by the chief administrative officer of the school or ESA where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school or ESA, as defined above in Item 1 of this section; and
- More than half of the classes that I taught during the period being certified were in a high-need field, as defined above in Item 1 of this section.

- Bilingual education,
- English language acquisition,
- Special education,
- Reading specialist, or
- Another field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department.

In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I am teaching:

- (1) At the time I begin teaching in that field, even if that field is subsequently removed from the Nationwide List; or
- (2) During any award year in which I receive a TEACH Grant, even if that field is no longer designated as high-need when I begin teaching.

Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation.

D. I must complete the four-year service obligation for each academic program for which I received TEACH Grant funds.

E. Each service obligation begins after I complete, or otherwise cease to be enrolled in, the academic program for which I received TEACH Grant funds. If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I

- If I receive a suspension based on a call or order to active duty status, as described above, the periods of suspension may not exceed a total of three years. However, if my active duty status exceeds three years, I may be eligible for a discharge of all or a portion of my service obligation, as described in Item 5, Paragraph A.

C. I, or my personal representative in the case of a suspension based on a call or order to active duty status, must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

D. The conditions listed above in Paragraph A are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

4. Requirement to repay for failure to complete service obligation or to meet other TEACH Grant requirements.

A. Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment in a program for which I received a TEACH Grant before completing the program and I do not notify the Department within 120 days of ceasing enrollment that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment in the program for which I received a TEACH Grant before completing the program, and within one year after I cease enrollment:
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above in Item 3, Paragraph A of this section;
 - I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
 - I have not begun qualifying teaching service as described above in Item 1 of this section.

C. If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

D. If I teach at more than one qualifying school or ESA during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide the Department with a certification from one or more of the chief administrative officers of the schools or ESAs involved that the combined teaching is the equivalent of one school year of full-time employment, and if more than half of the classes that I taught were in one or more of the high-need fields as defined above in Item 1 of this section.

3. Temporary suspension of period for completing service obligation.

A. If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

B. I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above in Paragraph A for periods of one year at a time.

- If I receive suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above, these periods may not exceed a combined total of three years.

To apply for a discharge based on military service, I, or my personal representative, must submit a written discharge request to the Department and must provide the Department with:

- A written statement from my commanding officer certifying that:
 - I am on active duty in the Armed Forces of the United States;
 - The date on which my service began; and
 - The date on which my service is expected to end; or
- A copy of my official military orders and a copy of my military identification.

For the purposes of a military service discharge, the **Armed Forces** means the Army, Navy, Air Force, Marine Corps, and the Coast Guard.

B. If the Department discharges my service obligation under one of the three conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan, and neither I nor my family will be required to repay those funds. However, if my service obligation is only partially discharged due to my active duty status, I will remain responsible for satisfying the remaining portion of my service obligation that is not discharged.

6. Cancellation of a TEACH Grant.

A. I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the first day of the payment period, whichever is later (the institution can tell me the first day of the payment period).

B. If I notify the institution that I want to cancel all or a portion of a TEACH Grant within the timeframe described above in Paragraph A, the institution must return the TEACH Grant funds to the Department.

C. If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above in Paragraph A, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

D. Any TEACH Grant funds that the institution returns to the Department based on my request will not be converted to a Direct Unsubsidized Loan.

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct Unsubsidized Loans. Throughout this section, the word "loan" refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words "we," "us," and "our" refer to the Department.

- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to the Department at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

B. If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

C. Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to national consumer reporting agencies as explained in Section D, Item 14.

D. A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. Discharge of a TEACH Grant service obligation.

A. The Department will fully discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 682.200(b), and I meet certain additional requirements.

The Department will grant a proportional discharge of my service obligation if I have received the maximum three-year suspension based on military service in accordance with Item 3, Paragraph A, and I am subject to an extended call or order to active duty status as a member of the **Armed Forces** of the United States. In such cases, the Department will grant a proportional discharge of my service obligation as follows:

- A discharge of one year of my four-year service obligation if the call or order to active duty status is for more than three years;
- A discharge of two years of my four-year service obligation if the call or order to active duty status is for more than four years;
- A discharge of three years of my four-year service obligation if the call or order to active duty is for more than five years; or
- A total discharge of my four-year service obligation if the call or order to active duty status is for more than six years.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (the HEA). Loans made under the Direct Loan Program are known as “Direct Loans.”

Direct loans are made by the U.S. Department of Education. We contract with servicers to service, answer questions about, and process payments on Direct Loans. We will provide you with the address and telephone number of your servicer after a TEACH Grant that you received has been converted to a Direct Unsubsidized Loan.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined in accordance with the HEA (20 U.S.C. 1070 *et seq.*), the Department’s regulations, and other applicable federal laws and regulations. These laws and regulations are referred to as “the Act” throughout this section of the Agreement. Applicable state law, except as preempted by federal law, may provide you with certain rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any change to the Act applies to loans in accordance with the effective date of the change.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the loan principal amount.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if mailed by first class mail to the most recent address that we have for you. You must immediately notify us of a change of address or status as specified below in Item 5.

If the Department fails to enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

Information about any TEACH Grant you receive that is converted to a Direct Unsubsidized Loan will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

are converted to a Direct Unsubsidized Loan in December 2016 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$7,708 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2017. The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|--|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2008 to June 1, 2017 (at 6.8%) | \$7,708 (paid before the loan enters repayment) | \$7,708 (capitalized) |
| Principal to be Repaid | \$16,000 | \$23,708 |
| Monthly Payment (Standard Repayment Plan) | \$184 | \$273 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$22,095 | \$32,740 |

In this example, you would pay \$89 less per month and \$10,645 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. Under a repayment incentive program, the interest rate we charge on your loan may be reduced. The repayment incentive program described below may be available to you. Your servicer can provide you with more information on other repayment incentive programs that may be available.

5. Information you must report to us.

You must notify us if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name); or
- You have any other change in status that would affect your loan (for example, if you received a deferment while you were unemployed, but you have found a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

The interest rate on a Direct Unsubsidized Loan is a fixed rate of 6.8%. If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans obtained prior to military service may be limited to 6 percent during your military service. If you believe you are eligible for this benefit, you must contact your servicer for important information on the documentation that you must provide in order to qualify.

8. Payment of interest.

Except as provided below for certain military borrowers, we charge interest on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first and each subsequent disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

If you are an eligible military borrower, we do not charge interest on Direct Loan Program loans first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). For Direct Consolidation Loans, this benefit applies to the portion of the consolidation loan that repaid loans first disbursed on or after October 1, 2008.

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan on the date the loan enters repayment (see Item 10, "Grace period and repayment of your loan"). This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2008 and completed in June 2012, and your TEACH Grant funds

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. You receive a 0.25 percent interest rate reduction while you repay under the automatic withdrawal option. In addition, automatic withdrawal helps to ensure that your payments are made on time. We will include information about the automatic withdrawal option in your first bill. You can also get the information on your servicer's web site, or by calling the servicer. Your servicer's web site address and toll-free telephone number are provided on all correspondence that your servicer sends you.

10. Grace period and repayment of your loan.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4, you will receive a six-month grace period on repayment beginning on the day after the grant is converted to a loan. You must repay the loan in monthly installments during a repayment period that begins on the day after the end of the six-month grace period. Your servicer will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates. You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant.

You must make payments on your loan even if you do not receive a bill or repayment notice. Billing information is sent to you as a convenience, and you are obligated to make payments even if you do not receive a notice or bill.

Loan payments that you make or that are made on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not been paid, and finally to the principal amount of the loan, except during periods of repayment under an Income-Based Repayment Plan, when payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

If you are unable to make your scheduled loan payments, we may allow you to temporarily stop making payments, reduce your payment amount, or extend the time for making payments, as long as you intend to repay your loan. Allowing you to temporarily delay or reduce loan payments is called forbearance.

We may adjust payment dates on your loans or may grant you forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

You may prepay all or any part of the unpaid balance on your loans at any time without penalty. If you do not specify which loans you are prepaying, we will determine how to apply the prepayment in accordance with the Act. After you have repaid a Direct Unsubsidized Loan in full, we will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

You may choose one of the following repayment plans to repay your loan:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. No single payment will be more than three times the amount of any other payment.
- **Extended Repayment Plan** – Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. You are eligible for this repayment plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000.
- **Income Contingent Repayment Plan** – Under this plan, your monthly payment amount will be based on your annual income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues each month on your loan unless you request a forbearance. As your income changes, your payments may change. If your loan is not repaid in full after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.
- **Income-Based Repayment Plan** – Under this plan, your required monthly payment will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If your loans are not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, you may qualify for cancellation of any outstanding balance on your loans.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

You can estimate the monthly and total amounts you would repay under the various repayment plans by using the online calculator available at <http://www.ed.gov/offices/OSFAP/DirectLoan/calc.html>. You may change repayment plans at any time after you have begun repaying your loan. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month.

When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan.

11. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

You may be required to pay **(1)** a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and **(2)** any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

12. Demand for immediate repayment.

The entire unpaid amount of your loan becomes due and payable (this is called “acceleration”) if you default on your loan.

13. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably conclude that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national consumer reporting agencies (see Item 14, “Consumer reporting agency notification”) and will significantly and adversely affect your credit history. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal income tax refund and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

14. Consumer reporting agency notification.

We will report information about your loan to national consumer reporting agencies. This information will include the amount and repayment status of your loan (for example, whether

you are current or delinquent in making payments). Your loan will be reported as an education loan.

If you default on a loan, we will also report this to national consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agencies unless you resume making payments on the loan within 30 days. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

15. Deferment and forbearance (postponing payments)

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a forbearance. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment while you are:

- Enrolled at least half-time at an eligible postsecondary institution;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- Experiencing an economic hardship (including Peace Corps service), as determined under the Act (for a maximum of three years); or
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service.

If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half time at an eligible institution or within 6 months of having been enrolled at least half time, you are also eligible for a deferment during the 13 months following the conclusion of your active duty, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan

(FFEL) Program before July 1, 1993. Contact your servicer for more information about these additional deferments.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if **(1)** you submit a deferment request form to your servicer along with documentation of your eligibility for the deferment, or **(2)** your servicer receives information from the institution you are attending that indicates you are enrolled at least half-time. If your servicer processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your servicer's web site.

If you are in default on your loan, you are not eligible for a deferment.

Except as provided in Item 8 of this section for certain military borrowers, we charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20 percent or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;

- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you teach full time for five consecutive years in certain low-income elementary schools, secondary schools, and/or qualifying schools operated by educational service agencies, meet certain other qualifications, and if you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

A public service loan forgiveness program is available under which you may qualify for cancellation of the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while employed in certain public service jobs.

The Act may provide for additional loan forgiveness or repayment benefits on your loans. If other loan forgiveness or repayment options become available, your servicer will provide you with information about these benefits.

To request loan discharge or forgiveness based on one of the conditions described above (except for discharges due to death or bankruptcy), you must complete an application that you may obtain from your servicer.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

17. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate (combine) one or more of your eligible federal education loans into one loan. Consolidation allows you to extend the period of time that you have to repay your loans, and to combine several loan debts into a single monthly payment. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.

- You are performing service that would qualify you for loan forgiveness under the teacher loan forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer. Your servicer can provide you with a forbearance request form that explains the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain forbearance request forms and information on forbearance eligibility requirements from your servicer's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, "Payment of interest").

16. Discharge (having your loan forgiven).

We will discharge (forgive) your loan if:

- Your servicer receives acceptable documentation of your death.
- Your loan is discharged in bankruptcy. However, federal student loans are not automatically discharged if you file for bankruptcy. In order to have your loan discharged in bankruptcy, you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- We determine that you are totally and permanently disabled (as defined in the Act) and you meet certain other requirements.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;
- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or

Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as a deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be

18. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

19. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of the AmeriCorps program.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford

made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. Public reporting burden for this collection of information is estimated to average 0.5 hours (30 minutes) per response, including time for reviewing instructions, search existing data resources, gathering and maintaining the data needed, and completing and reviewing the collection information. Individuals are obligated to respond to this collection to obtain a benefit in accordance with 35 C.F.R. § 686.12(a). Send comments regarding the burden estimate(s) or any other aspects of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Education, 400 Maryland Avenue, SW, Washington, D.C. 20210-4537 or e-mail ICDocketMgr@ed.gov and reference OMB Control Number 18450-0083. **Note: Please do not return the completed Teacher Education Assistant for College and Higher Education Grant Program Agreement to Serve to this address.**

If you have any comments or concerns regarding the status of *your individual submission of this form*, write directly to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS

1. For any TEACH Grant I receive for the [VARIABLE FIELD] award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

2. For any TEACH Grant I receive for the [VARIABLE FIELD] award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement:

- I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.

- I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.
- I authorize the Department and its respective agents and contractors to contact me regarding repayment of my loan at the current or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
- I authorize the Department to release information about my loan to the references on the loan and to members of my immediate family, unless I submit written directions otherwise.
- I authorize my institutions, lenders and guarantors, the Department, and their agents to release information about my loan to each other.

3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:

- I change my address or telephone number; or
- I change my name (for example, maiden name to married name).

4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.

5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.

6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.

7. TEACH Grant Recipient's Signature

8. Today's Date

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE

[VARIABLE FIELD FOR AWARD YEAR]

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay, with interest, the full amount of any TEACH Grant as a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan) if you do not meet those requirements.

Note about terms used in this Agreement: Throughout this Agreement, the term “school” means an elementary or secondary school where you complete your required teaching service, and the term “school year” means an elementary or secondary school academic year. The term “institution” means the institution of higher education that awarded you a TEACH Grant.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth
6. Area Code/Telephone Number
7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address
9. Institution Code/Branch
10. Identification Number

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the [VARIABLE FIELD] award year (July 1, [VARIABLE FIELD] through June 30, [VARIABLE FIELD]):

1. Service obligation.

A. For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after I complete or otherwise cease to be enrolled in the program for which I receive the TEACH Grant. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and teach:

- At a **low-income school** or **educational service agency**, as defined below; and
- In a **high-need field**, as defined below, in more than half of the classes that I teach during each school year.

B. For purposes of the TEACH Grant Program, a **low-income school** or educational service agency is a public or private elementary or secondary school or educational service agency that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school or educational service agency in which more than 30 percent of the school's or educational service agency's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

An **educational service agency** (ESA) is a regional, public multiservice agency (not a private organization) authorized by state statute to develop, manage, and provide services or programs to local educational agencies (such as public school districts), as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.

A list of low-income schools and ESAs is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools.

If the school or ESA where I teach meets the requirements of a low-income school or ESA during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or ESA will still qualify for purposes of satisfying my TEACH Grant service obligation.

C. For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,

- Bilingual education,
- English language acquisition,
- Special education,
- Reading specialist, or
- Another field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department.

In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I am teaching:

- (1) At the time I begin teaching in that field, even if that field is subsequently removed from the Nationwide List; or
- (2) During any award year in which I receive a TEACH Grant, even if that field is no longer designated as high-need when I begin teaching.

Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation.

D. I must complete the four-year service obligation for each academic program for which I received TEACH Grant funds.

E. Each service obligation begins after I complete, or otherwise cease to be enrolled in, the academic program for which I received TEACH Grant funds. If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I

am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program as well as the remaining three years of my service obligation for the first program.

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. Documentation of service obligation.

A. Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to the Department in writing within 120 days after I have completed or otherwise ceased to be enrolled in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

B. After completing each of the four required school years of teaching service as described above in Item 1 of this section, I must provide the Department with documentation of that teaching service on a form that will be available from the Department. This form must be certified by the chief administrative officer of the school or ESA where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school or ESA, as defined above in Item 1 of this section; and
- More than half of the classes that I taught during the period being certified were in a high-need field, as defined above in Item 1 of this section.

C. If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

D. If I teach at more than one qualifying school or ESA during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide the Department with a certification from one or more of the chief administrative officers of the schools or ESAs involved that the combined teaching is the equivalent of one school year of full-time employment, and if more than half of the classes that I taught were in one or more of the high-need fields as defined above in Item 1 of this section.

3. Temporary suspension of period for completing service obligation.

A. If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

B. I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above in Paragraph A for periods of one year at a time.

- If I receive suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above, these periods may not exceed a combined total of three years.

- If I receive a suspension based on a call or order to active duty status, as described above, the periods of suspension may not exceed a total of three years. However, if my active duty status exceeds three years, I may be eligible for a discharge of all or a portion of my service obligation, as described in Item 5, Paragraph A.

C. I, or my personal representative in the case of a suspension based on a call or order to active duty status, must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

D. The conditions listed above in Paragraph A are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

4. Requirement to repay for failure to complete service obligation or to meet other TEACH Grant requirements.

A. Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment at the institution where I received a TEACH Grant before completing the program for which I received the TEACH Grant, and within 120 days of ceasing enrollment I do not notify the Department that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment at the institution where I received a TEACH Grant before completing the program for which I received the TEACH Grant, and within one year after I cease enrollment:
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above in Item 3, Paragraph A of this section;
 - I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
 - I have not begun qualifying teaching service as described above in Item 1 of this section.

- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to the Department at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

B. If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

C. Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to national consumer reporting agencies as explained in Section D, Item 15.

D. A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. Discharge of a TEACH Grant service obligation.

A. The Department will fully discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 682.200(b), and I meet certain additional requirements.

The Department will grant a proportional discharge of my service obligation if I have received the maximum three-year suspension based on military service in accordance with Item 3, Paragraph A, and I am subject to an extended call or order to active duty status as a member of the **Armed Forces** of the United States. In such cases, the Department will grant a proportional discharge of my service obligation as follows:

- A discharge of one year of my four-year service obligation if the call or order to active duty status is for more than three years;
- A discharge of two years of my four-year service obligation if the call or order to active duty status is for more than four years;
- A discharge of three years of my four-year service obligation if the call or order to active duty is for more than five years; or
- A total discharge of my four-year service obligation if the call or order to active duty status is for more than six years.

To apply for a discharge based on military service, I, or my personal representative, must submit a written discharge request to the Department and must provide the Department with:

- A written statement from my commanding officer certifying that:
 - I am on active duty in the Armed Forces of the United States;
 - The date on which my service began; and
 - The date on which my service is expected to end; or
- A copy of my official military orders and a copy of my military identification.

For the purposes of a military service discharge, the **Armed Forces** means the Army, Navy, Air Force, Marine Corps, and the Coast Guard.

B. If the Department discharges my service obligation under one of the three conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan, and neither I nor my family will be required to repay those funds. However, if my service obligation is only partially discharged due to my active duty status, I will remain responsible for satisfying the remaining portion of my service obligation that is not discharged.

6. Cancellation of a TEACH Grant.

A. I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the first day of the payment period, whichever is later (the institution can tell me the first day of the payment period).

B. If I notify the institution that I want to cancel all or a portion of a TEACH Grant within the timeframe described above in Paragraph A, the institution must return the TEACH Grant funds to the Department.

C. If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above in Paragraph A, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

D. Any TEACH Grant funds that the institution returns to the Department based on my request will not be converted to a Direct Unsubsidized Loan.

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct Unsubsidized Loans. Throughout this section, the word "loan" refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words "we," "us," and "our" refer to the Department.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. 1070 *et seq.* Loans made under the Direct Loan Program are known as “Direct Loans.”

Direct loans are made by the U.S. Department of Education. We contract with servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. We will provide you with the address and telephone number of your servicer after a TEACH Grant that you received has been converted to a Direct Unsubsidized Loan.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined by the HEA and other applicable federal laws and regulations. These laws and regulations are referred to as “the Act” throughout this section of the Agreement. Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any amendment to the Act that affects the terms of this Agreement will be applied to your loans in accordance with the effective date of the amendment.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the principal balance.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if it is sent by first class mail to the most recent address that we have for you, by electronic means to an address you have provided, or by any other method of notification that is permitted by applicable statute and regulation. You must immediately notify us of a change in your contact information or status as specified below in Item 5.

If the Department does not enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

Information about any TEACH Grant you receive that is converted to a Direct Unsubsidized Loan will be reported to the National Student Loan Data System (NSLDS). Information in NSLDS is

accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

5. Information you must report to us.

You must notify us if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name);
- You change your employer, or your employer's address or telephone number changes; or
- You have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

The interest rate on a Direct Unsubsidized Loan is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different Direct Unsubsidized Loans made to the same borrower may have different interest rates, depending on when the loan is first disbursed and whether the borrower is an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%.

If a TEACH Grant that you received as an undergraduate student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to undergraduate students on the date the TEACH Grant was first disbursed.

If a TEACH Grant that you received as a graduate student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to graduate or professional students on the date the TEACH Grant was first disbursed.

For each TEACH Grant you receive, we will notify you of the interest rate that will apply if that TEACH Grant is converted to a Direct Unsubsidized Loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans obtained prior to military service may be limited to 6% during your military service. Contact your servicer for information on how to request this benefit.

8. Payment of interest.

General

Except as explained below under *No accrual of interest benefit for active duty service members*, you must pay the interest that accrues on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

No accrual of interest benefit for active duty service members

Under the no accrual of interest benefit for active duty service members, you are not required to pay the interest that accrues on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months).

Interest capitalization

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan on the date the loan enters repayment (see Item 10, "Grace period and repayment of your loan"). This is called "capitalization." Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2013 and completed in June 2017, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2021 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$9,347 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2022, based on an interest rate of 8.25% (the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students). The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|---------------------------|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |

| | | |
|---|--|------------------------------|
| Accrued interest from September 1, 2013 to June 1, 2022 (at 8.25%, the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students) | \$9,347 (paid before the loan enters repayment) | \$9,347 (capitalized) |
| Principal to be Repaid | \$16,000 | \$25,347 |
| Monthly Payment (Standard Repayment Plan) | \$196 | \$311 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$23,549 | \$37,306 |

In this example, you would pay \$115 less per month and \$13,757 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. The repayment incentive program described below may be available to you.

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your bank automatically deducts your monthly loan payment from your checking or savings account and sends it to us. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Your servicer will provide you with information about the automatic withdrawal option. You can also get the information on your servicer's web site, or by calling your servicer. Your servicer's web site address and toll-free telephone number are provided on correspondence that your servicer sends you.

10. Grace period and repayment of your loan.

General

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4, you will receive a 6-month grace period on repayment

beginning on the day after the grant is converted to a loan. You must repay the loan in monthly installments during a repayment period that begins on the day after the end of the six-month grace period. Your servicer will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates. You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see below) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR plan.

If you intend to repay your loan but are unable to make your scheduled loan payments, we may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.

We may adjust payment dates on your loans or may grant you forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

Available repayment plans

Direct Unsubsidized Loans can be repaid under one of the following repayment plans:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must be at least equal to the amount of interests that accrues each month. No single payment will be more than three times greater than any other payment.
- **Extended Repayment Plan** – You are eligible for this plan only if **(1)** you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000, and **(2)** you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998. Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must be at

least equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.

- ***Income-Based Repayment Plan (IBR Plan)*** – Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see Note below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse’s eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in the U.S. Department of Education’s National Student Loan Data System.

- ***Pay As You Earn Repayment Plan (Pay As You Earn Plan)*** – Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to

determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

(1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and

(2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part **(1)** of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse’s eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

- ***Income-Contingent Repayment Plan (ICR Plan)*** – Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan

payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plan information

Under each plan, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, we will place you on the Standard Repayment Plan.

You can use the Repayment Estimator at <http://www.studentaid.gov/Repayment-Estimator> to estimate your monthly and total payment amounts under the different repayment plans and to evaluate your eligibility for the IBR and Pay As You Earn plans. The Repayment Estimator is for informational purposes only. Your servicer will make the official determination of your payment amount and, for the IBR and Pay As You Earn plans, your eligibility for the plan. .

You may change repayment plans at any time after you have begun repaying your loan. However, you may not change to a different repayment plan that has a maximum repayment period of less than the number of years your loan has already been in repayment, except that you may change to the IBR Plan, the Pay As You Earn Plan, or the ICR Plan at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month (prepayments).

We apply your payments made under any repayment plan other than the IBR Plan and the Pay As You Earn Plan in the following order: **(1)** late charges and collection costs, **(2)** outstanding interest, and **(3)** outstanding principal. We apply your payments made under the IBR Plan or the Pay As You Earn Plan in the following order: **(1)** outstanding interest, **(2)** late charges and collection costs, and **(3)** outstanding principal.

We apply any prepayments in accordance with the Act. Your servicer can provide more information about how prepayments are applied.

When you have repaid a loan in full, your servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

11. Transfer of loan. We may transfer the servicing of one or all of your loans to another servicer without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different servicer does not affect your rights and responsibilities under that loan.

12. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

You may be required to pay **(1)** a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and **(2)** any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

13. Demand for immediate repayment.

The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you default on your loan.

14. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably conclude that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national consumer reporting agencies (see Item 15, "Consumer reporting agency notification"). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.

enrolled at least half time at an eligible institution or within 6 months of having been enrolled at least half time, during the 13 months following the conclusion of your active duty, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. Contact your servicer for more information about these additional deferments that may be available.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if **(1)** you submit a deferment request form to your servicer along with documentation of your eligibility for the deferment, or **(2)** your servicer receives information from the institution you are attending that indicates you are enrolled at least half-time. If your servicer processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to your servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your servicer's web site.

If you are in default on your loan, you are not eligible for a deferment.

Except as provided in Item 8 of this section under *No accrual of interest benefit for active duty service members*, we charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20% or more of your total monthly gross income (for a maximum of three years);

- You will lose eligibility for loan deferments.

15. Consumer reporting agency notification.

We will report information about your loan to nationwide consumer reporting agencies (commonly known as “credit bureaus”). This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be reported as an education loan.

If you default on a loan, we will also report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

16. Deferment and forbearance (postponing payments)

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible postsecondary institution;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- While you are experiencing an economic hardship (including Peace Corps service), as defined in the Act (for a maximum of three years);
- While you are serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service; or
- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are

- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your servicer. Your servicer can explain the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain information on forbearance eligibility requirements from your servicer's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, "Payment of interest").

17. Discharge (having your loan forgiven).

Loan discharge due to death, bankruptcy, total and permanent disability, school closure, false certification, identity theft, or unpaid refund

We will discharge (forgive) your loan if:

- You die. Your servicer must receive acceptable documentation (as defined in the Act) of your death.
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not otherwise automatically discharged if you file for bankruptcy; or
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;
- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or
- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Teacher Loan Forgiveness

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you:

- Teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies;
- Meet certain other qualifications; and
- If you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

Public Service Loan Forgiveness

A public service loan forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

Additional loan discharge information

The Act may provide for additional loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other loan forgiveness or repayment options become available, your servicer will provide you with information about these benefits.

For a discharge based on your death, a family member must contact your servicer. To request a loan discharge or forgiveness based on one of the conditions described above (except for a discharge due to bankruptcy), you must complete an application. Your servicer can tell you how to obtain an application.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under

sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a “need-to-know” basis, and control individual users’ ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as a deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for

SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS

1. For any TEACH Grant I receive for the [VARIABLE FIELD] award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

2. For any TEACH Grant I receive for the [VARIABLE FIELD] award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement:

- I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.
- I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.
- I authorize my institutions, the Department, and their agents and contractors to contact me regarding my loan, including repayment of my loan, at the number that I provide on this Agreement to Serve or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
- I authorize my institutions, the Department, and their agents and contractors to release information about my loan to the references on the loan and to my immediate family members unless I submit written directions otherwise.
- I authorize my institutions, the Department, and their agents and contractors to share information about my loan with each other.

3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:

- I change my address or telephone number; or
- I change my name (for example, maiden name to married name).

4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.

5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.

applicable state law. If you believe that you have a defense against repayment of your loan, contact your servicer.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

18. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your servicer for more information about loan consolidation.

19. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

20. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of your program.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not

by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data resources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 686.12(a).

If you have any comments or concerns regarding the status of *your individual submission of this form*, write directly to:

U.S. Department of Education

Common Origination and Disbursement School Relations Center a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. Public reporting burden for

Attn: Applicant Services

PO Box 9002

6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.

7. TEACH Grant Recipient's Signature

8. Today's Date

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE

[VARIABLE FIELD FOR AWARD YEAR]

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay, with interest, the full amount of any TEACH Grant as a Direct Unsubsidized Loan if you do not meet those requirements.

Note about terms used throughout this Agreement:

- “The Department” means the U.S. Department of Education.
- “Institution” means the institution of higher education that awarded you a TEACH Grant.
- A “loan servicer” is a contractor that works on behalf of the Department to handle billing and other communications related to federal student loans held by the Department. If your TEACH Grant is converted to a Direct Unsubsidized Loan, your loan will be assigned to one of the Department’s loan servicers. Your loan servicer may or may not be the same as your TEACH Grant servicer.
- “School” means the elementary school, secondary school, or educational service agency where you complete your required teaching service.
- “School year” means an elementary or secondary school academic year.
- “TEACH Grant servicer” is the contractor that works on behalf of the Department to communicate with you regarding your TEACH Grant service obligation, monitor your progress toward completing your service obligation, process requests for suspension of the service obligation period, and handle other administrative matters related to your service obligation.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth

6. Area Code/Telephone Number

7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address

9. Institution Code/Branch

10. Identification Number

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the [VARIABLE FIELD] award year (July 1, [VARIABLE FIELD] through June 30, [VARIABLE FIELD]):

1. SERVICE OBLIGATION

Overview

For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after I complete or otherwise cease to be enrolled in the program for which I receive the TEACH Grant. To be considered a full-time teacher, I must meet the standard used by the State where I teach in defining full-time employment as a teacher. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and must teach:

- At a **low-income school or educational service agency**, as defined below; and
- In a **high-need field**, as defined below, in more than half of the classes that I teach during each school year.

Eligible Schools

For purposes of the TEACH Grant Program, a **low-income school or educational service agency** is a public or private elementary or secondary school or educational service agency that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school or educational service agency in which more than 30 percent of the school's or educational service agency's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

An **educational service agency** (ESA) is a regional, public multiservice agency (not a private organization) authorized by state statute to develop, manage, and provide services or programs

to local educational agencies (such as public school districts), as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.

A list of low-income schools and ESAs is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools. A list of these schools is available in the [BIE Directory](#).

If the school or ESA where I teach meets the requirements of a low-income school or ESA during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or ESA will still qualify for purposes of satisfying my TEACH Grant service obligation.

High-Need Fields

For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,
- Bilingual education,
- English language acquisition,
- Special education,
- Reading specialist, or
- Another high-need field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department.

In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I am teaching:

- At the time I begin teaching in that field after I have completed or otherwise ceased to be enrolled in the program for which I received the TEACH Grant, even if that field is subsequently removed from the Nationwide List; or
- During any award year in which I receive a TEACH Grant, even if that field is no longer designated as high-need when I begin teaching.

Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation.

Service Obligation Period

I must complete the four-year service obligation for each academic program for which I received TEACH Grant funds.

Each service obligation begins when:

- I complete the academic program for which I received TEACH Grant funds; or
- I am no longer enrolled in the academic program for which I received TEACH Grant funds (for example, because I have withdrawn from the institution where I received my TEACH Grant or I have enrolled in a different academic program for which I am no longer eligible to receive a TEACH Grant).

If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and will concurrently fulfill the remaining three years of my service obligation for the first program.

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and will concurrently fulfill the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

Multiple Employers

If I teach at more than one qualifying school or ESA during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide my TEACH Grant servicer with a certification from one or more of the chief administrative officers of the schools or ESAs involved that the combined teaching is the equivalent of one school year of full-time employment, and if more than half of the classes that I taught were in one or more of the high-need fields as defined above in Item 1 of this section.

3. TEMPORARY SUSPENSION OF PERIOD FOR COMPLETING SERVICE OBLIGATION

Suspension Conditions

If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

The conditions listed above are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

Maximum Suspension Period

I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above under "Suspension Overview" for periods of one year at a time.

- If I receive suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above, these periods may not exceed a combined total of three years.
- If I receive a suspension based on a call or order to active duty status, as described above, the periods of suspension may not exceed a total of three years. However, if my

- I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
- I have not begun qualifying teaching service as described above in Item 1 of this section.
- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to my TEACH Grant servicer at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

Terms and Conditions After a TEACH Grant Has Been Converted to a Direct Unsubsidized Loan

If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to national consumer reporting agencies as explained in Section D, Item 15.

A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. DISCHARGE OF A TEACH GRANT SERVICE OBLIGATION

Conditions for Discharge

The Department will fully discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 685.102(b), and I meet certain additional requirements.

The Department will grant a proportional discharge of my service obligation if I have received the maximum three-year suspension based on military service as described under “Maximum Suspension Period” in Item 3, and I am subject to an extended call or order to active duty status as a member of the **Armed Forces** of the United States. For the purposes of a military service discharge, the **Armed Forces** means the Army, Navy, Air Force, Marine Corps, and the Coast Guard. In such cases, the Department will grant a proportional discharge of my service obligation as follows:

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. DOCUMENTATION OF SERVICE OBLIGATION

Initial Certification

Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to my TEACH Grant servicer in writing within 120 days after I have completed or otherwise ceased to be enrolled in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

Annual Certification

Every year, after I have completed each one of my four required school years of full-time teaching service as described above in Item 1 of this section, I must provide my TEACH Grant servicer with documentation of that service on a form that will be available from my TEACH Grant servicer. This form must be certified by the chief administrative officer of the school or ESA where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school or ESA, as defined above in Item 1 of this section; and
- More than half of the classes that I taught during the period being certified were in a high-need field, as defined above in Item 1 of this section.

Completing Less Than a Full Year of Service

If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of

first day of the payment period, whichever is later (the institution can tell me the first day of the payment period). If I notify the institution that I want to cancel all or a portion of a TEACH Grant within this timeframe, the institution must return the TEACH Grant funds to the Department.

If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

Any TEACH Grant funds that the institution returns to the Department based on my request will not be converted to a Direct Unsubsidized Loan.

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct Unsubsidized Loans. Throughout this section, the word "loan" refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words "we," "us," and "our" refer to the Department.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. 1070 *et seq.* Loans made under the Direct Loan Program are known as "Direct Loans."

Direct loans are made by the U.S. Department of Education. We contract with loan servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan (also known as a "Federal Direct Unsubsidized Stafford/Ford Loan"), your TEACH Grant servicer will provide you with the address and telephone number of your loan servicer.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined by the HEA and other applicable federal laws and regulations. These laws and regulations are referred to as "the Act" throughout this section of the Agreement. Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any amendment to the Act that affects the terms of this Agreement will be applied to your loans in accordance with the effective date of the amendment.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH

The interest rate on a Direct Unsubsidized Loan is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different Direct Unsubsidized Loans made to the same borrower may have different interest rates, depending on when the loan is first disbursed and whether the borrower is an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%.

If a TEACH Grant that you received as an undergraduate student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to undergraduate students on the date the TEACH Grant was first disbursed.

If a TEACH Grant that you received as a graduate or professional student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to graduate or professional students on the date the TEACH Grant was first disbursed.

For each TEACH Grant you receive, your TEACH Grant servicer will notify you of the interest rate that will apply if that TEACH Grant is converted to a Direct Unsubsidized Loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans obtained prior to military service may be limited to 6% during your military service. If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, the loan is considered to have been obtained on the date of the first TEACH Grant disbursement. Contact your loan servicer for more information about this benefit.

8. Payment of interest.

General

Except as explained below under *No accrual of interest benefit for active duty service members*, you must pay the interest that accrues on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

No accrual of interest benefit for active duty service members

Under the no accrual of interest benefit for active duty service members, we do not charge interest on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, you are eligible for the no accrual of interest benefit on that loan if the TEACH Grant was first disbursed on or after October 1, 2008.

Interest capitalization

active duty status exceeds three years, I may be eligible for a discharge of all or a portion of my service obligation, as described under “Conditions for Discharge” in Item 5.

Example: I request and receive two separate one-year suspensions based on my enrollment in a qualifying program of study, and a one-year suspension based on a condition covered under the FMLA. I am not eligible for any further periods of suspension due to enrollment in a qualifying program of study or a condition covered under the FMLA, as I have used my maximum three years of suspension based on these conditions. However, I would still be eligible to receive up to three years of suspension based on qualifying active duty service, as described above.

Requesting a Suspension

I, or my personal representative in the case of a suspension based on a call or order to active duty status, must submit a suspension request to my TEACH Grant servicer, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

4. REQUIREMENT TO REPAY FOR FAILURE TO COMPLETE SERVICE OBLIGATION OR TO MEET OTHER TEACH GRANT REQUIREMENTS

Conditions for Conversion of a TEACH Grant to a Direct Unsubsidized Loan

Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment at the institution where I received a TEACH Grant before completing the program for which I received the TEACH Grant, and within 120 days after I cease enrollment I do not notify my TEACH Grant servicer that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment at the institution where I received a TEACH Grant before completing the program for which I received the TEACH Grant, and within one year after I cease enrollment:
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above under “Suspension Overview” in Item 3 of this section;

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. The repayment incentive program described below may be available to you.

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your loan servicer electronically transfers your monthly loan payment from your checking or savings account to your student loan account. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Your loan servicer will provide you with information about the automatic withdrawal option. You can also get the information on your loan servicer's web site, or by calling your loan servicer. Your loan servicer's web site address and toll-free telephone number are provided on correspondence that your loan servicer sends you.

10. Grace period and repayment of your loan.

General

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4, you will receive a 6-month grace period on repayment beginning on the day after the grant is converted to a loan. You must repay the loan in monthly installments during a repayment period that begins on the day after the end of the 6-month grace period. Your loan servicer will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates. You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see below) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR plan.

If you intend to repay your loan but are unable to make your scheduled loan payments, we may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.

We may adjust payment dates on your loans or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

Available repayment plans

have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your loan servicer will determine whether you are a new borrower based on the information about your loans in the U.S. Department of Education's National Student Loan Data System.

- **Pay As You Earn Repayment Plan (Pay As You Earn Plan)** – Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

(1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and

(2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part **(1)** of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

- A discharge of one year of my four-year service obligation if the call or order to active duty status is for more than three years;
- A discharge of two years of my four-year service obligation if the call or order to active duty status is for more than four years;
- A discharge of three years of my four-year service obligation if the call or order to active duty is for more than five years; or
- A total discharge of my four-year service obligation if the call or order to active duty status is for more than six years.

Example: I request and receive three separate one-year suspensions due to my qualifying active duty military service. I am then subject to an extended call to active duty for one additional year. I have used up my maximum three years of eligibility for suspension based on military service, but I may request and receive a discharge of one year of my service obligation based on my extended call to active duty for a period of more than three years. I must now complete only three years of qualifying teaching service to satisfy my service obligation.

Applying for Discharge

For a discharge based on my death, a family member must contact my TEACH Grant servicer and provide acceptable documentation of my death.

To request a discharge based on my total and permanent disability, I must complete an application that is available from the Department. My TEACH Grant servicer can tell me how to obtain this application.

To apply for a discharge based on military service, I, or my personal representative, must submit a written discharge request to my TEACH Grant servicer and must provide the servicer with:

- A written statement from my commanding or personnel officer certifying:
 - That I am on active duty in the Armed Forces of the United States;
 - The date on which my service began; and
 - The date on which my service is expected to end; or
- A copy of my official military orders and a copy of my military identification.

If the Department discharges my service obligation under one of the three conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan, and I will not be required to repay those funds. However, if my service obligation is only partially discharged due to my active duty status, I will remain responsible for satisfying the remaining portion of my service obligation that is not discharged.

6. CANCELLATION OF A TEACH GRANT

I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the

You can use the Repayment Estimator at <http://www.studentaid.gov/Repayment-Estimator> to estimate your monthly and total payment amounts under the different repayment plans and to evaluate your eligibility for the IBR and Pay As You Earn plans. The Repayment Estimator is for informational purposes only. Your loan servicer will make the official determination of your payment amount and, for the IBR and Pay As You Earn plans, your eligibility for the plan.

You may change repayment plans at any time after you have begun repaying your loan. However, you may not change to a different repayment plan that has a maximum repayment period of less than the number of years your loan has already been in repayment, except that you may change to the IBR Plan, the Pay As You Earn Plan, or the ICR Plan at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month (prepayments).

Payments you make under any repayment plan other than the IBR Plan and the Pay As You Earn Plan are applied in the following order: **(1)** late charges and collection costs, **(2)** outstanding interest, and **(3)** outstanding principal.

Payments you make under the IBR Plan or the Pay As You Earn Plan are applied in the following order: **(1)** outstanding interest, **(2)** late charges and collection costs, and **(3)** outstanding principal.

Any prepayments are applied in accordance with the Act. Your loan servicer can provide more information about how prepayments are applied.

When you have repaid a loan in full, your loan servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

11. Transfer of loan.

We may transfer the servicing of one or all of your loans to another loan servicer without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new loan servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different loan servicer does not affect your rights and responsibilities under that loan.

12. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

You may be required to pay **(1)** a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and **(2)** any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

13. Demand for immediate repayment.

The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you default on your loan.

Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the principal balance.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if it is sent by first class mail to the most recent address that we have for you, by electronic means to an address you have provided, or by any other method of notification that is permitted or required by applicable statute and regulation. You must immediately notify your loan servicer of a change in your contact information or status as specified below in Item 5.

If the Department does not enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

Information about any TEACH Grant you receive that is converted to a Direct Unsubsidized Loan will be reported to the National Student Loan Data System (NSLDS), the Department's central database for student aid. NSLDS contains information about all of the student loans and other financial aid you have received through the Department's federal student aid programs. Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

5. Information you must report to us.

You must notify your loan servicer if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name);
- You change your employer, or your employer's address or telephone number changes; or
- You have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible postsecondary institution;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- While you are experiencing an economic hardship (including Peace Corps service), as defined in the Act (for a maximum of three years);
- While you are serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service; or
- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half time at an eligible institution or within 6 months of having been enrolled at least half time, during the 13 months following the conclusion of your active duty, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. If you meet this requirement, contact your loan servicer for more information about additional deferments that may be available.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if **(1)** you submit a deferment request form to your loan servicer along with documentation of your eligibility for the deferment, or **(2)** your loan servicer receives information from the institution you are attending that indicates you are enrolled at least half-time. If your loan servicer processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to your loan servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your loan

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan on the date the loan enters repayment (see Item 10 of this section, “Grace period and repayment of your loan”). This is called “capitalization.” Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2013 and completed in June 2017, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2021 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$9,347 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2022, based on an interest rate of 8.25% (the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students). The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|---|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2013 to June 1, 2022 (at 8.25%, the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students) | \$9,347 (paid before the loan enters repayment) | \$9,347 (capitalized) |
| Principal to be Repaid | \$16,000 | \$25,347 |
| Monthly Payment (Standard Repayment Plan) | \$196 | \$311 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$32,867 | \$37,320 |

In this example, you would pay \$115 less per month and \$4,453 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, “Payment of interest”).

17. Discharge (having your loan forgiven).

Loan discharge due to death, bankruptcy, total and permanent disability, school closure, false certification, identity theft, or unpaid refund

We will discharge (forgive) your loan if:

- You die. Your loan servicer must receive acceptable documentation (as defined in the Act) of your death;
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not otherwise automatically discharged if you file for bankruptcy; or
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;
- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or
- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Teacher Loan Forgiveness

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you:

- Teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies;
- Meet certain other qualifications; and
- If you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

Direct Unsubsidized Loans can be repaid under one of the following repayment plans:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must be at least equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.
- **Extended Repayment Plan** – You are eligible for this plan only if **(1)** you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000, and **(2)** you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998. Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must be at least equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.
- **Income-Based Repayment Plan (IBR Plan)** – Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see Note below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse’s eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to

enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

20. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of your program.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

- ***Income-Contingent Repayment Plan (ICR Plan)*** – Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plan information

Under some plans, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, your loan servicer will place you on the Standard Repayment Plan.

14. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably conclude that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national consumer reporting agencies (see Item 15, "Consumer reporting agency notification"). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

15. Consumer reporting agency notification.

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus"). This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be reported as an education loan.

If you default on a loan, we will also report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

16. Deferment and forbearance (postponing payments)

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data resources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 686.12(a).

If you have any comments or concerns regarding the status of *your individual submission of this Agreement to Serve*, write directly to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS

1. For any TEACH Grant I receive for the [VARIABLE FIELD] award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.
2. For any TEACH Grant I receive for the [VARIABLE FIELD] award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement:
 - I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.
 - I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
 - Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.

servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your loan servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your loan servicer's web site.

If you are in default on your loan, you are not eligible for a deferment.

Except as provided in Item 8 of this section under *No accrual of interest benefit for active duty service members*, we charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your loan servicer. Your loan servicer can explain the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain information on forbearance eligibility requirements from your loan servicer's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;

Public Service Loan Forgiveness

A public service loan forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

Additional loan discharge information

The Act may provide for additional loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other loan forgiveness or repayment options become available, your loan servicer will provide you with information about these benefits.

For a discharge based on your death, a family member must contact your loan servicer. To request a loan discharge or forgiveness based on one of the conditions described above (except for a discharge due to bankruptcy), you must complete an application. Your loan servicer can tell you how to obtain an application.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under applicable state law. If you believe that you have a defense against repayment of your loan, contact your loan servicer.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

18. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your loan servicer for more information about loan consolidation.

19. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

- I authorize my institutions, the Department, and their agents and contractors to contact me regarding my loan, including repayment of my loan, at the number that I provide on this Agreement to Serve or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
- I authorize my institutions, the Department, and their agents and contractors to release information about my loan to the references on the loan and to my immediate family members unless I submit written directions otherwise.
- I authorize my institutions, the Department, and their agents and contractors to share information about my loan with each other.

3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:

- I change my address or telephone number; or
- I change my name (for example, maiden name to married name).

4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.

5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.

6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.

7. TEACH Grant Recipient's Signature

8. Today's Date

Teacher Education Assistance for College and Higher Education Grant Program

AGREEMENT TO SERVE

[VARIABLE FIELD FOR AWARD YEAR]

Warning: Any person who knowingly makes a false statement or misrepresentation on this form will be subject to penalties which may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

This is an Agreement to Serve (Agreement) for the Teacher Education Assistance for College and Higher Education Grant Program (TEACH Grant Program). You must sign an Agreement each year before receiving a TEACH Grant. By signing the Agreement at the end of Section F, you promise to meet the teaching service requirements of the TEACH Grant Program as described in this Agreement, and to repay, with interest, the full amount of any TEACH Grant as a Direct Unsubsidized Loan if you do not meet those requirements.

Note about terms used throughout this Agreement:

- “The Department” means the U.S. Department of Education.
- “Institution” means the institution of higher education that awarded you a TEACH Grant.
- A “loan servicer” is a contractor that works on behalf of the Department to handle billing and other communications related to federal student loans held by the Department. If your TEACH Grant is converted to a Direct Unsubsidized Loan, your loan will be assigned to one of the Department’s loan servicers. Your loan servicer may or may not be the same as your TEACH Grant servicer.
- “School” means the elementary school, secondary school, or educational service agency where you complete your required teaching service.
- “School year” means an elementary or secondary school academic year.
- “TEACH Grant servicer” is the contractor that works on behalf of the Department to communicate with you regarding your TEACH Grant service obligation, monitor your progress toward completing your service obligation, process requests for suspension of the service obligation period, and handle other administrative matters related to your service obligation.

SECTION A: TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. E-Mail Address (optional)
4. Name and Address
5. Date of Birth

6. Area Code/Telephone Number

7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

SECTION B: INSTITUTIONAL INFORMATION

8. Institution Name and Address

9. Institution Code/Branch

10. Identification Number

SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS

The following terms and conditions apply to any TEACH Grant funds I receive for the [VARIABLE FIELD] award year (July 1, [VARIABLE FIELD] through June 30, [VARIABLE FIELD]):

1. SERVICE OBLIGATION

Overview

For each academic program for which I receive TEACH Grant funds, I must fulfill a service obligation by teaching full time for a total of at least four school years within eight years after I complete or otherwise cease to be enrolled in the program for which I receive the TEACH Grant. To be considered a full-time teacher, I must meet the standard used by the State where I teach in defining full-time employment as a teacher. I must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if I am a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act, and must teach:

- At a **low-income school or educational service agency**, as defined below; and
- In a **high-need field**, as defined below, in more than half of the classes that I teach during each school year.

Eligible Schools

For purposes of the TEACH Grant Program, a **low-income school or educational service agency** is a public or private elementary or secondary school or educational service agency that:

- Is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; and
- Has been determined by the Department to be a school or educational service agency in which more than 30 percent of the school's or educational service agency's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act.

An **educational service agency** (ESA) is a regional, public multiservice agency (not a private organization) authorized by state statute to develop, manage, and provide services or programs

to local educational agencies (such as public school districts), as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.

A list of low-income schools and ESAs is provided in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#).

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools. A list of these schools is available in the [BIE Directory](#).

If the school or ESA where I teach meets the requirements of a low-income school or ESA during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or ESA will still qualify for purposes of satisfying my TEACH Grant service obligation.

High-Need Fields

For purposes of the TEACH Grant Program, **high-need fields** are:

- Mathematics,
- Science,
- Foreign language,
- Bilingual education,
- English language acquisition,
- Special education,
- Reading specialist, or
- Another high-need field listed in the [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#) that is issued annually by the Department.

In order to satisfy my service obligation by teaching in another high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which I am teaching:

- At the time I begin teaching in that field after I have completed or otherwise ceased to be enrolled in the program for which I received the TEACH Grant, even if that field is subsequently removed from the Nationwide List; or
- During any award year in which I receive a TEACH Grant, even if that field is no longer designated as high-need when I begin teaching.

Teaching in a geographic region of a state or in a specific grade level not associated with a high-need field of a state that is designated in the Nationwide List does not satisfy the requirements of my TEACH Grant service obligation.

Service Obligation Period

I must complete the four-year service obligation for each academic program for which I received TEACH Grant funds.

Each service obligation begins when:

- I complete the academic program for which I received TEACH Grant funds; or
- I am no longer enrolled in the academic program for which I received TEACH Grant funds (for example, because I have withdrawn from the institution where I received my TEACH Grant or I have enrolled in a different academic program for which I am no longer eligible to receive a TEACH Grant).

If I receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that I perform before completion of the second program may only be applied toward fulfillment of my service obligation for the first program. However, if I receive TEACH Grant funds for enrollment in a subsequent program before completing my service obligation for an earlier program, qualifying teaching service that I perform following the completion of the subsequent program may be applied toward my service obligation for both programs. The following examples illustrate the service obligation requirements described in this paragraph:

Example 1. I complete an academic program for which I received a TEACH Grant and immediately enroll in another academic program for which I will receive a TEACH Grant, before I begin teaching. I request and receive a suspension of the eight-year period for completing my service obligation for the first program (see Item 3 of this section) while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for each program.

Example 2. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After completing one year of qualifying teaching service, I stop teaching and enroll in a second academic program for which I will receive a TEACH Grant. I request and receive a suspension of the eight-year period for completing my service obligation for the first program while I am enrolled in the second program. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and will concurrently fulfill the remaining three years of my service obligation for the first program.

Example 3. I complete an academic program for which I received a TEACH Grant and begin qualifying teaching service to satisfy my service obligation. After teaching for one year, I enroll in a second academic program for which I receive a TEACH Grant. I am enrolled in the second program for two years, and during that period I continue to teach full time. After completing the second program, I must complete four years of qualifying teaching service that will fulfill my service obligation for the second program and will concurrently fulfill the remaining year of my service obligation for the first program. The qualifying teaching service that I perform while enrolled in the second program may only be applied to my service obligation for the first program.

Example 4. I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

2. DOCUMENTATION OF SERVICE OBLIGATION

Initial Certification

Unless I receive a suspension of the eight-year period for completing my service obligation in accordance with Item 3 of this section, or my service obligation is discharged in accordance with Item 5 of this section, I must confirm to my TEACH Grant servicer in writing within 120 days after I have completed or otherwise ceased to be enrolled in a program for which I received a TEACH Grant that:

- I am employed as a full-time teacher in accordance with the terms and conditions described above in Item 1 of this section; or
- I am not yet employed as a full-time teacher, but I intend to meet the terms and conditions of my service obligation as described above in Item 1 of this section;

Annual Certification

Every year, after I have completed each one of my four required school years of full-time teaching service as described above in Item 1 of this section, I must provide my TEACH Grant servicer with documentation of that service on a form that will be available from my TEACH Grant servicer. This form must be certified by the chief administrative officer of the school or ESA where I am teaching, and must confirm that for the specified year:

- I was a highly-qualified teacher, as defined above in Item 1 of this section;
- I taught in a low-income school or ESA, as defined above in Item 1 of this section; and
- More than half of the classes that I taught during the period being certified were in a high-need field, as defined above in Item 1 of this section.

Completing Less Than a Full Year of Service

If I do not complete a full school year of qualifying teaching service, but I complete at least one-half of a school year, the half-year of teaching will be counted as one of my four required years of teaching service only if my employer considers me to have fulfilled my contract requirements for the school year for purposes of salary increases, tenure, and retirement because I was unable to complete a full school year of teaching due to:

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2601 *et seq.*) that is listed in 29 CFR 825.112; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of

the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency. The reserve components of the Armed Forces named in 10 U.S.C. 10101 are the following: the Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

Multiple Employers

If I teach at more than one qualifying school or ESA during a school year, that year of teaching will count as one of my required four school years of teaching service if I provide my TEACH Grant servicer with a certification from one or more of the chief administrative officers of the schools or ESAs involved that the combined teaching is the equivalent of one school year of full-time employment, and if more than half of the classes that I taught were in one or more of the high-need fields as defined above in Item 1 of this section.

3. TEMPORARY SUSPENSION OF PERIOD FOR COMPLETING SERVICE OBLIGATION

Suspension Conditions

If I have completed or otherwise ceased to be enrolled in an academic program for which I received a TEACH Grant, I may request a suspension of the eight-year period for completing my service obligation based on:

- My enrollment in a program of study for which I would be eligible to receive a TEACH Grant, or my enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools;
- A condition covered under the FMLA that is listed in 29 CFR 825.112; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (as listed above in Item 2 of this section), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

The conditions listed above are the only conditions under which I may receive a suspension of the eight-year period for completing my service obligation.

Maximum Suspension Period

I may receive a suspension of the eight-year period for completing my service obligation under the conditions described above under "Suspension Overview" for periods of one year at a time.

- If I receive suspensions based on my enrollment in certain programs of study or a condition covered by the FMLA, as described above, these periods may not exceed a combined total of three years.
- If I receive a suspension based on a call or order to active duty status, as described above, the periods of suspension may not exceed a total of three years. However, if my

active duty status exceeds three years, I may be eligible for a discharge of all or a portion of my service obligation, as described under “Conditions for Discharge” in Item 5.

Example: I request and receive two separate one-year suspensions based on my enrollment in a qualifying program of study, and a one-year suspension based on a condition covered under the FMLA. I am not eligible for any further periods of suspension due to enrollment in a qualifying program of study or a condition covered under the FMLA, as I have used my maximum three years of suspension based on these conditions. However, I would still be eligible to receive up to three years of suspension based on qualifying active duty service, as described above.

Requesting a Suspension

I, or my personal representative in the case of a suspension based on a call or order to active duty status, must submit a suspension request to my TEACH Grant servicer, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

4. REQUIREMENT TO REPAY FOR FAILURE TO COMPLETE SERVICE OBLIGATION OR TO MEET OTHER TEACH GRANT REQUIREMENTS

Conditions for Conversion of a TEACH Grant to a Direct Unsubsidized Loan

Any TEACH Grant that I received will be converted to a Direct Unsubsidized Loan that I must repay in full, with interest, to the Department under any of the following conditions:

- I request that a TEACH Grant I received be converted to a Direct Unsubsidized Loan because I have decided not to teach or have decided not to teach in a qualified school or field, or for any other reason.
- I cease enrollment at the institution where I received a TEACH Grant before completing the program for which I received the TEACH Grant, and within 120 days after I cease enrollment I do not notify my TEACH Grant servicer that:
 - I am employed as a full-time teacher in accordance with the terms and conditions described in Item 1 of this section; or
 - I am not yet employed as a full-time teacher as described above, but I intend to meet the terms and conditions of my service obligation as described in Item 1 of this section.
- I cease enrollment at the institution where I received a TEACH Grant before completing the program for which I received the TEACH Grant, and within one year after I cease enrollment:
 - I have not been determined to be eligible for a suspension of the eight-year period for completing my service obligation under one of the conditions described above under “Suspension Overview” in Item 3 of this section;

- I have not reenrolled in a program for which I would be eligible to receive a TEACH Grant; or
- I have not begun qualifying teaching service as described above in Item 1 of this section.
- I complete the academic program for which I received a TEACH Grant, but I do not actively confirm to my TEACH Grant servicer at least once each year that I intend to satisfy my service obligation.
- I complete the academic program for which I received a TEACH Grant, but I do not begin or do not maintain qualifying employment within a timeframe that would allow me to complete my service obligation within the eight-year period described in Item 1 of this section.

Terms and Conditions After a TEACH Grant Has Been Converted to a Direct Unsubsidized Loan

If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in Section D of this Agreement, and will be reported to national consumer reporting agencies as explained in Section D, Item 15.

A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant.

5. DISCHARGE OF A TEACH GRANT SERVICE OBLIGATION

Conditions for Discharge

The Department will fully discharge my service obligation under the following conditions:

- The Department receives acceptable documentation of my death; or
- The Department determines that I am totally and permanently disabled, as defined in regulations at 34 CFR 685.102(b), and I meet certain additional requirements.

The Department will grant a proportional discharge of my service obligation if I have received the maximum three-year suspension based on military service as described under “Maximum Suspension Period” in Item 3, and I am subject to an extended call or order to active duty status as a member of the **Armed Forces** of the United States. For the purposes of a military service discharge, the **Armed Forces** means the Army, Navy, Air Force, Marine Corps, and the Coast Guard. In such cases, the Department will grant a proportional discharge of my service obligation as follows:

- A discharge of one year of my four-year service obligation if the call or order to active duty status is for more than three years;
- A discharge of two years of my four-year service obligation if the call or order to active duty status is for more than four years;
- A discharge of three years of my four-year service obligation if the call or order to active duty is for more than five years; or
- A total discharge of my four-year service obligation if the call or order to active duty status is for more than six years.

Example: I request and receive three separate one-year suspensions due to my qualifying active duty military service. I am then subject to an extended call to active duty for one additional year. I have used up my maximum three years of eligibility for suspension based on military service, but I may request and receive a discharge of one year of my service obligation based on my extended call to active duty for a period of more than three years. I must now complete only three years of qualifying teaching service to satisfy my service obligation.

Applying for Discharge

For a discharge based on my death, a family member must contact my TEACH Grant servicer and provide acceptable documentation of my death.

To request a discharge based on my total and permanent disability, I must complete an application that is available from the Department. My TEACH Grant servicer can tell me how to obtain this application.

To apply for a discharge based on military service, I, or my personal representative, must submit a written discharge request to my TEACH Grant servicer and must provide the servicer with:

- A written statement from my commanding or personnel officer certifying:
 - That I am on active duty in the Armed Forces of the United States;
 - The date on which my service began; and
 - The date on which my service is expected to end; or
- A copy of my official military orders and a copy of my military identification.

If the Department discharges my service obligation under one of the three conditions described above, the TEACH Grant funds will not be converted to a Direct Unsubsidized Loan, and I will not be required to repay those funds. However, if my service obligation is only partially discharged due to my active duty status, I will remain responsible for satisfying the remaining portion of my service obligation that is not discharged.

6. CANCELLATION OF A TEACH GRANT

I may cancel all or part of a TEACH Grant by notifying the institution within 14 days after the date the institution notifies me of my right to cancel all or part of the TEACH Grant, or by the

first day of the payment period, whichever is later (the institution can tell me the first day of the payment period). If I notify the institution that I want to cancel all or a portion of a TEACH Grant within this timeframe, the institution must return the TEACH Grant funds to the Department.

If I notify the institution that I want to cancel all or a portion of a TEACH Grant outside of the timeframe described above, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. If the institution declines to do so, I may request that the Department convert the TEACH Grant to a Direct Unsubsidized Loan that I may then repay.

Any TEACH Grant funds that the institution returns to the Department based on my request will not be converted to a Direct Unsubsidized Loan.

SECTION D: TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES FOR TEACH GRANTS THAT ARE CONVERTED TO DIRECT UNSUBSIDIZED LOANS

Important Notice: This section of the Agreement provides important information about the terms and conditions of any TEACH Grants you receive that are converted to Direct Unsubsidized Loans. Throughout this section, the word “loan” refers to any TEACH Grant you received that is converted to a Direct Unsubsidized Loan. The words “we,” “us,” and “our” refer to the Department.

1. The William D. Ford Federal Direct Loan Program.

The William D. Ford Federal Direct Loan Program (Direct Loan Program) is authorized by Title IV, Part D, of the Higher Education Act of 1965, as amended (HEA), 20 U.S.C. 1070 *et seq.* Loans made under the Direct Loan Program are known as “Direct Loans.”

Direct loans are made by the U.S. Department of Education. We contract with loan servicers to process Direct Loan payments, deferment and forbearance requests, and other transactions, and to answer questions about Direct Loans. If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan (also known as a “Federal Direct Unsubsidized Stafford/Ford Loan”), your TEACH Grant servicer will provide you with the address and telephone number of your loan servicer.

2. Laws that apply to TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms and conditions of any TEACH Grant that is converted to a Direct Unsubsidized Loan are determined by the HEA and other applicable federal laws and regulations. These laws and regulations are referred to as “the Act” throughout this section of the Agreement. Under applicable state law, except as preempted by federal law, you may have certain borrower rights, remedies, and defenses in addition to those stated in this Agreement.

NOTE: Any amendment to the Act that affects the terms of this Agreement will be applied to your loans in accordance with the effective date of the amendment.

3. Disclosure of loan terms for TEACH Grants that are converted to Direct Unsubsidized Loans.

The terms described in this section apply to TEACH Grants that are converted to Direct Unsubsidized Loans under the conditions described in Section C, Item 4. Under this Agreement, the principal amount that you owe, and are required to repay, will be the sum of all TEACH

Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid interest that is capitalized and added to the principal balance.

Any disclosure statement that we send to you in connection with any TEACH Grant you receive under this Agreement, or in connection with any TEACH Grant that is converted to a Direct Unsubsidized Loan, are hereby incorporated into this Agreement.

4. Legal notices.

Any notice required to be given to you will be effective if it is sent by first class mail to the most recent address that we have for you, by electronic means to an address you have provided, or by any other method of notification that is permitted or required by applicable statute and regulation. You must immediately notify your loan servicer of a change in your contact information or status as specified below in Item 5.

If the Department does not enforce or insist on compliance with any term of Agreement, this does not waive any right of the Department. No provision of this Agreement may be modified or waived except in writing by the Department. If any provision of this Agreement is determined to be unenforceable, the remaining provisions will remain in force.

Information about any TEACH Grant you receive that is converted to a Direct Unsubsidized Loan will be reported to the **National Student Loan Data System** (NSLDS), the Department's central database for student aid. NSLDS contains information about all of the student loans and other financial aid you have received through the Department's federal student aid programs. Information in NSLDS is accessible to schools, lenders, and guarantors for specific purposes as authorized by the Department.

5. Information you must report to us.

You must notify your loan servicer if any of the following events occur at any time after a TEACH Grant that you received is converted to a Direct Unsubsidized Loan:

- You change your address or telephone number;
- You change your name (for example, maiden name to married name);
- You change your employer, or your employer's address or telephone number changes; or
- You have any other change in status that would affect your loan (for example, if you receive a deferment while you are unemployed, but you find a job and therefore no longer meet the eligibility requirements for the deferment).

6. Effect of TEACH Grants that are converted to Direct Unsubsidized Loans on annual and aggregate loan limits.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

7. Interest rate.

The interest rate on a Direct Unsubsidized Loan is a fixed rate that is calculated in accordance with a formula specified in the Act. The interest rate is calculated each year. When the rate is calculated, it applies to all Direct Unsubsidized Loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Different Direct Unsubsidized Loans made to the same borrower may have different interest rates, depending on when the loan is first disbursed and whether the borrower is an undergraduate student or a graduate or professional student. The maximum interest rate for Direct Unsubsidized Loans made to undergraduate students is 8.25%. The maximum interest rate for Direct Unsubsidized Loans made to graduate or professional students is 9.5%.

If a TEACH Grant that you received as an undergraduate student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to undergraduate students on the date the TEACH Grant was first disbursed.

If a TEACH Grant that you received as a graduate or professional student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to graduate or professional students on the date the TEACH Grant was first disbursed.

For each TEACH Grant you receive, your TEACH Grant servicer will notify you of the interest rate that will apply if that TEACH Grant is converted to a Direct Unsubsidized Loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans obtained prior to military service may be limited to 6% during your military service. If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, the loan is considered to have been obtained on the date of the first TEACH Grant disbursement. Contact your loan servicer for more information about this benefit.

8. Payment of interest.

General

Except as explained below under *No accrual of interest benefit for active duty service members*, you must pay the interest that accrues on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement of the TEACH Grant), including deferment and forbearance periods. By signing this Agreement, you agree to pay all interest that is charged to you during the period beginning on the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

No accrual of interest benefit for active duty service members

Under the no accrual of interest benefit for active duty service members, we do not charge interest on any type of Direct Loan Program loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, you are eligible for the no accrual of interest benefit on that loan if the TEACH Grant was first disbursed on or after October 1, 2008.

Interest capitalization

At the time a TEACH Grant is converted to a Direct Unsubsidized Loan, you will be given the opportunity to pay the interest that accrued from the date of the first disbursement of the TEACH Grant. If you do not pay this interest, it will be added to the principal balance of the loan on the date the loan enters repayment (see Item 10 of this section, “Grace period and repayment of your loan”). This is called “capitalization.” Capitalization increases the unpaid principal balance of your loan, and interest then accrues on the increased principal balance.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2013 and completed in June 2017, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2021 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$9,347 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2022, based on an interest rate of 8.25% (the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students). The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|---|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2013 to June 1, 2022 (at 8.25%, the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students) | \$9,347 (paid before the loan enters repayment) | \$9,347 (capitalized) |
| Principal to be Repaid | \$16,000 | \$25,347 |
| Monthly Payment (Standard Repayment Plan) | \$196 | \$311 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$32,867 | \$37,320 |

In this example, you would pay \$115 less per month and \$4,453 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

9. Repayment incentive programs.

A repayment incentive is a benefit that we offer to encourage you to repay your loan on time. The repayment incentive program described below may be available to you.

Interest Rate Reduction for Automatic Withdrawal of Payments

Under the automatic withdrawal option, your loan servicer electronically transfers your monthly loan payment from your checking or savings account to your student loan account. Automatic withdrawal helps to ensure that your payments are made on time. In addition, you receive a 0.25% interest rate reduction while you repay under the automatic withdrawal option. Your loan servicer will provide you with information about the automatic withdrawal option. You can also get the information on your loan servicer's web site, or by calling your loan servicer. Your loan servicer's web site address and toll-free telephone number are provided on correspondence that your loan servicer sends you.

10. Grace period and repayment of your loan.

General

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4, you will receive a 6-month grace period on repayment beginning on the day after the grant is converted to a loan. You must repay the loan in monthly installments during a repayment period that begins on the day after the end of the 6-month grace period. Your loan servicer will notify you of the date your first payment is due, and will provide you with a repayment schedule that identifies your payment amounts and due dates. You must repay the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan, plus accrued interest from the date of the first disbursement of the TEACH Grant.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the IBR Plan, the Pay As You Earn Plan, or the ICR Plan (see below) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR plan.

If you intend to repay your loan but are unable to make your scheduled loan payments, we may grant you a forbearance that allows you to temporarily stop making payments or to temporarily make a smaller payment amount, which extends the time for making payments.

We may adjust payment dates on your loans or may grant you a forbearance to eliminate a delinquency that remains even though you are making scheduled installment payments.

Available repayment plans

Direct Unsubsidized Loans can be repaid under one of the following repayment plans:

- **Standard Repayment Plan** – Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.
- **Graduated Repayment Plan** – Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your monthly payment must be at least equal to the amount of interest that accrues each month. No single payment will be more than three times greater than any other payment.
- **Extended Repayment Plan** – You are eligible for this plan only if **(1)** you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000, and **(2)** you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998. Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your monthly payment must be at least equal to the amount of interest that accrues each month. No single payment under the graduated option will be more than three times greater than any other payment.
- **Income-Based Repayment Plan (IBR Plan)** – Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see Note below) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse’s eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to

have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Note: You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your loan servicer will determine whether you are a new borrower based on the information about your loans in the U.S. Department of Education's National Student Loan Data System.

- ***Pay As You Earn Repayment Plan (Pay As You Earn Plan)*** – Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse.

The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

(1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and

(2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part **(1)** of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

- ***Income-Contingent Repayment Plan (ICR Plan)*** – Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Additional repayment plan information

Under some plans, the number or amount of payments may need to be adjusted to reflect capitalized interest and/or new loans made to you.

If you can show to our satisfaction that the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, we may provide you with an alternative repayment plan.

If you do not choose a repayment plan, your loan servicer will place you on the Standard Repayment Plan.

You can use the Repayment Estimator at <http://www.studentaid.gov/Repayment-Estimator> to estimate your monthly and total payment amounts under the different repayment plans and to evaluate your eligibility for the IBR and Pay As You Earn plans. The Repayment Estimator is for informational purposes only. Your loan servicer will make the official determination of your payment amount and, for the IBR and Pay As You Earn plans, your eligibility for the plan.

You may change repayment plans at any time after you have begun repaying your loan. However, you may not change to a different repayment plan that has a maximum repayment period of less than the number of years your loan has already been in repayment, except that you may change to the IBR Plan, the Pay As You Earn Plan, or the ICR Plan at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month (prepayments).

Payments you make under any repayment plan other than the IBR Plan and the Pay As You Earn Plan are applied in the following order: **(1)** late charges and collection costs, **(2)** outstanding interest, and **(3)** outstanding principal.

Payments you make under the IBR Plan or the Pay As You Earn Plan are applied in the following order: **(1)** outstanding interest, **(2)** late charges and collection costs, and **(3)** outstanding principal.

Any prepayments are applied in accordance with the Act. Your loan servicer can provide more information about how prepayments are applied.

When you have repaid a loan in full, your loan servicer will send you a notice telling you that you have paid off your loan. You should keep this notice in a safe place.

11. Transfer of loan.

We may transfer the servicing of one or all of your loans to another loan servicer without your consent. If there is a change in the address to which you must send payments or direct communications, we will notify you of the new loan servicer's name, address and telephone number, the effective date of the transfer, and the date when you must begin sending payments or directing communications to that servicer. Transfer of a loan to a different loan servicer does not affect your rights and responsibilities under that loan.

12. Late charges and collection costs.

If you do not make a payment on a loan when it is due, we may require you to pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.

You may be required to pay **(1)** a late charge of not more than six cents for each dollar of each late payment if you fail to make any part of a required installment payment within 30 days after it becomes due, and **(2)** any other charges and fees that are permitted by the Act related to the collection of your loan. If you default on a loan, you will be required to pay reasonable collection costs, plus court costs and attorney fees.

13. Demand for immediate repayment.

The entire unpaid amount of your loan becomes due and payable (this is called "acceleration") if you default on your loan.

14. Defaulting on your loan.

You will be considered to be in default on your loan if **(1)** you do not make installment payments when due, provided that your failure to make payments has persisted for at least 270 days; or **(2)** you do not comply with other terms of the loan, and we reasonably conclude that you no longer intend to honor your repayment obligation. If you default, we may capitalize all the outstanding interest into a new principal balance, and collection costs will become immediately due and payable.

If you default, the default will be reported to national consumer reporting agencies (see Item 15, "Consumer reporting agency notification"). This will harm your credit history and may make it difficult for you to obtain credit cards, home or car loans, or other forms of consumer credit. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal and state tax refunds and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.

15. Consumer reporting agency notification.

We will report information about your loan to nationwide consumer reporting agencies (commonly known as "credit bureaus"). This information will include the amount and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be reported as an education loan.

If you default on a loan, we will also report this to nationwide consumer reporting agencies. We will notify you at least 30 days in advance that we plan to report default information to a consumer reporting agency unless you resume making payments on the loan within 30 days of the date of the notice. You will be given a chance to ask for a review of the debt before we report it.

If a consumer reporting agency contacts us regarding objections you have raised about the accuracy or completeness of any information we have reported, we are required to provide the agency with a prompt response.

16. Deferment and forbearance (postponing payments)

If you meet certain requirements, you may receive a **deferment** that allows you to temporarily stop making payments on your loan. If you cannot make your scheduled loan payments, but do

not qualify for a deferment, we may give you a **forbearance**. A forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.

Deferment

You may receive a deferment:

- While you are enrolled at least half-time at an eligible postsecondary institution;
- While you are in a full-time course of study in a graduate fellowship program;
- While you are in an approved full-time rehabilitation program for individuals with disabilities;
- While you are unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- While you are experiencing an economic hardship (including Peace Corps service), as defined in the Act (for a maximum of three years);
- While you are serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service; or
- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half time at an eligible institution or within 6 months of having been enrolled at least half time, during the 13 months following the conclusion of your active duty, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. If you meet this requirement, contact your loan servicer for more information about additional deferments that may be available.

You may receive a deferment based on your enrollment in an eligible institution on at least a half-time basis if **(1)** you submit a deferment request form to your loan servicer along with documentation of your eligibility for the deferment, or **(2)** your loan servicer receives information from the institution you are attending that indicates you are enrolled at least half-time. If your loan servicer processes a deferment based on information received from your institution, you will be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or qualifying National Guard duty during a war or other military operation or national emergency, a representative acting on your behalf) must submit a deferment request form to your loan servicer, along with documentation of your eligibility for the deferment. In certain circumstances, you may not be required to provide documentation of your eligibility if your loan

servicer confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan. Your loan servicer can provide you with a deferment request form that explains the eligibility and documentation requirements for the type of deferment you are requesting. You may also obtain deferment request forms and information on deferment eligibility requirements from your loan servicer's web site.

If you are in default on your loan, you are not eligible for a deferment.

Except as provided in Item 8 of this section under *No accrual of interest benefit for active duty service members*, we charge interest on a Direct Unsubsidized Loan during a period of deferment. You may pay the interest as it accrues, or allow it to be capitalized at the end of the deferment period (see Item 8 of this section, "Payment of interest").

Forbearance

We may give you a forbearance if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.

We will give you a forbearance if:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Act is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

To request a forbearance, contact your loan servicer. Your loan servicer can explain the eligibility and documentation requirements for the type of forbearance you are requesting. You may also obtain information on forbearance eligibility requirements from your loan servicer's web site.

Under certain circumstances, we may also give you a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;

- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (we do not capitalize the interest that is charged during this period); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

We charge interest on a Direct Unsubsidized Loan during a period of forbearance. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period (see Item 8 of this section, “Payment of interest”).

17. Discharge (having your loan forgiven).

Loan discharge due to death, bankruptcy, total and permanent disability, school closure, false certification, identity theft, or unpaid refund

We will discharge (forgive) your loan if:

- You die. Your loan servicer must receive acceptable documentation (as defined in the Act) of your death;
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not otherwise automatically discharged if you file for bankruptcy; or
- You become totally and permanently disabled (as defined in the Act) and meet certain other requirements.

In certain cases, we may also discharge all or a portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan if:

- You could not complete the program of study for which you received the TEACH Grant because the institution closed;
- Your eligibility for the TEACH Grant was falsely certified as a result of a crime of identity theft; or
- You withdrew from the program for which you received a TEACH Grant and the institution did not pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Teacher Loan Forgiveness

Even if you do not meet the requirements of the TEACH Grant Program and your TEACH Grant is converted to a Direct Unsubsidized Loan, we may forgive a portion of that loan if you:

- Teach full time for five consecutive years in certain low-income elementary or secondary schools, or for certain low-income educational service agencies;
- Meet certain other qualifications; and
- If you did not owe a Direct Loan or FFEL program loan as of October 1, 1998, or as of the date you obtain a loan after October 1, 1998.

Public Service Loan Forgiveness

A public service loan forgiveness program is also available. Under this program, we will forgive the remaining balance due on your eligible Direct Loan Program loans after you have made 120 payments on those loans (after October 1, 2007) under certain repayment plans while you are employed full-time in certain public service jobs. The required 120 payments do not have to be consecutive.

Additional loan discharge information

The Act may provide for additional loan forgiveness or repayment benefits on your loans in addition to the benefits described above. If other loan forgiveness or repayment options become available, your loan servicer will provide you with information about these benefits.

For a discharge based on your death, a family member must contact your loan servicer. To request a loan discharge or forgiveness based on one of the conditions described above (except for a discharge due to bankruptcy), you must complete an application. Your loan servicer can tell you how to obtain an application.

In some cases, you may assert, as a defense against collection of a TEACH Grant that was converted to a Direct Unsubsidized Loan, that the institution did something wrong or failed to do something that it should have done. You can make such a defense against repayment only if the institution's act or omission directly relates to the TEACH Grant that the institution awarded or to the educational services that the grant was intended to pay for, and if what the institution did or did not do would give rise to a legal cause of action against the institution under applicable state law. If you believe that you have a defense against repayment of your loan, contact your loan servicer.

We do not guarantee the quality of the academic programs provided by institutions that participate in federal student financial aid programs. If you received a TEACH Grant that was converted to a Direct Unsubsidized Loan, you must repay your loan even if you did not complete the education paid for with the TEACH Grant, are unable to obtain employment in the field of study for which your institution provided training, or are dissatisfied with, or do not receive, the education you paid for with the TEACH Grant.

18. Loan consolidation.

A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment, and may allow you to extend the period of time that you have to repay your loans. This may make it easier for you to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. Contact your loan servicer for more information about loan consolidation.

19. Department of Defense and other federal agency loan repayment.

Under certain circumstances, military personnel may have their federal education loans repaid by the Secretary of Defense. For more information, contact your local military service recruitment office. This benefit is offered as part of a recruitment program that does not apply to individuals based on their previous military service or to those who are not eligible for

enlistment in the U.S. Armed Forces. For more information, contact your local military service recruitment office.

Other agencies of the federal government may also offer student loan repayment programs as an incentive to recruit and retain employees. Contact the agency's human resources department for more information.

20. AmeriCorps program education awards.

Under the National and Community Service Act of 1990, you may receive an education award that can be used to repay a Direct Subsidized Loan or Direct Unsubsidized Loan if you successfully complete a term of service in an AmeriCorps program. For more information, contact an official of your program.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

In 1999, Congress enacted the Gramm-Leach-Bliley Act (Public Law 106-102). This Act requires that lenders provide certain information to their customers regarding the collection and use of nonpublic personal information.

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we will disclose nonpublic personal information to third parties only as necessary to process and service your loan and as permitted by the Privacy Act of 1974. See the Privacy Act Notice below. We do not sell or otherwise make available any information about you to any third parties for marketing purposes.

We protect the security and confidentiality of nonpublic personal information by implementing the following policies and practices. All physical access to the sites where nonpublic personal information is maintained is controlled and monitored by security personnel. Our computer systems offer a high degree of resistance to tampering and circumvention. These systems limit data access to our staff and contract staff on a "need-to-know" basis, and control individual users' ability to access and alter records within the systems. All users of these systems are given a unique user ID with personal identifiers. All interactions by individual users with the systems are recorded.

PRIVACY ACT NOTICE

The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §420L *et seq.* and §451 *et seq.* of the Higher Education Act (HEA) of 1965, as amended (20 U.S.C. 1070g *et seq.* and 20 U.S.C. 1087a *et seq.*) and the authorities for collecting and using your social security number (SSN) are §484(a)(4) of the HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the loan (such as deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices.

The routine uses of the information that we collect about you, if your TEACH Grant has not been converted to a Direct Unsubsidized Loan, include, but are not limited to, its disclosure to federal, state, or local agencies, to institutions of higher education, and to third party servicers to determine your eligibility to receive a TEACH Grant, to investigate possible fraud, and to verify compliance with federal student financial aid program regulations.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, party, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, the routine uses of this information also include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to creditors, to financial and educational institutions, and to guaranty agencies to verify your identity, to determine your program eligibility and benefits, to permit making, servicing, assigning, collecting, adjusting or discharging your loan(s), to enforce the terms of the loan(s), to investigate possible fraud and to verify compliance with federal student financial aid program regulations, to locate you if you become delinquent in your loan payments or if you default, or to verify whether your debt qualifies for discharge or cancellation. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state or local agencies. To provide financial aid history information, disclosures may be made to educational institutions. To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

FINANCIAL PRIVACY ACT NOTICE

Under the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401-3421), for any TEACH Grant that is converted to a Direct Unsubsidized Loan the Department will have access to financial records in your student loan file maintained in compliance with the administration of the Direct Loan Program.

PAPERWORK REDUCTION NOTICE

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. Public reporting burden for this collection of information is estimated to average 30 minutes (0.5 hours) per response, including time for reviewing instructions, searching existing data resources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 686.12(a).

If you have any comments or concerns regarding the status of *your individual submission of this Agreement to Serve*, write directly to:

U.S. Department of Education
Common Origination and Disbursement School Relations Center
Attn: Applicant Services
PO Box 9002
Niagara Falls, NY 14302

SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS

1. For any TEACH Grant I receive for the [VARIABLE FIELD] award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

2. For any TEACH Grant I receive for the [VARIABLE FIELD] award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement:

- I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.
- I authorize the Department to investigate my credit record and report information about my loan status to persons and organizations permitted by law to receive that information.
- Unless I notify the Department differently, I authorize the Department to defer repayment of principal on my loan while I am enrolled at least half time at an eligible school.

- I authorize my institutions, the Department, and their agents and contractors to contact me regarding my loan, including repayment of my loan, at the number that I provide on this Agreement to Serve or any future number that I provide for my cellular telephone or other wireless device using automated dialing equipment or artificial or prerecorded voice or text messages.
- I authorize my institutions, the Department, and their agents and contractors to release information about my loan to the references on the loan and to my immediate family members unless I submit written directions otherwise.
- I authorize my institutions, the Department, and their agents and contractors to share information about my loan with each other.

3. I agree to notify the Department if any of the following events occur at any time after I receive a TEACH Grant:

- I change my address or telephone number; or
- I change my name (for example, maiden name to married name).

4. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.

5. I will not sign this Agreement before reading the entire Agreement, even if I am told not to read it, or told that I am not required to read it. I am entitled to an exact copy of this Agreement.

6. My signature below certifies that I have read, understand, and agree to the terms and conditions of TEACH Grants and Direct Unsubsidized Loans as explained in Sections C and D, the important notices in Section E, and the agreement to serve, promise to repay, and authorizations in Section F of this Agreement.

7. TEACH Grant Recipient's Signature

8. Today's Date



Teacher Education Assistance for College and Higher Education Grant

(TEACH Grant)

Initial and Subsequent Counseling Guide

June 2016

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Overview

The U.S. Department of Education's (the Department's) Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) Program awards grants to students who intend to teach, to help pay for their postsecondary education. As a condition for receiving a TEACH Grant, you must agree to teach full-time for at least four years as a highly-qualified teacher in a high-need field, in a school or educational service agency (ESA) serving low-income students. You must complete the four years of teaching within eight years after you complete or otherwise cease to be enrolled in the program of study for which you received the grant. If you do not meet the terms of your TEACH Grant service obligation, all TEACH Grant funds that you received will be converted to a Direct Unsubsidized Loan, under the William D. Ford Federal Direct Loan (Direct Loan) Program that you must repay in full, with interest charged from the date of each TEACH Grant disbursement. The Department's TEACH Grant servicer oversees your grant account until you meet your service obligation for each grant. The TEACH Grant servicer for the 2016 – 2017 award year is, **FedLoan Servicing**.

If you are enrolled full- time, you can receive up to \$4,000 each year in TEACH Grant funds, up to a maximum of:

- \$16,000 for undergraduate and/or post baccalaureate study, and
- \$8,000 for graduate study.

Your school will inform you of the actual amount of TEACH Grant funds you qualify to receive each year.

Before receiving a TEACH Grant, you must:

- Complete TEACH Grant Initial and Subsequent Counseling, and
- Complete an Agreement to Serve (ATS).

Agreement to Serve (ATS)

The TEACH Grant ATS is a legally binding document that:

- Explains your TEACH Grant service obligation;
- Explains the conditions under which your TEACH Grant may be converted to a Direct Unsubsidized Loan; and
- Describes the repayment terms and conditions that apply, and your rights, responsibilities, and benefits if your TEACH Grant is converted to a Direct Unsubsidized loan.

Be sure to print and keep a copy of your signed ATS for future reference.

By signing a TEACH Grant ATS, you are agreeing to:

- Meet the service obligation requirements of the TEACH Grant Program; and
- Repay, with interest, the full amount of all TEACH Grant funds you received that are converted to a Direct Unsubsidized Loan because you did not meet your TEACH Grant service obligation.

You must sign an ATS **each year** that you receive a TEACH Grant.

You must complete TEACH Grant Initial and Subsequent Counseling, including the quizzes that follow each section, before you can sign an ATS.

You will complete your TEACH Grant ATS in the following four steps:

- School Info
- Student Info
- Review Draft
- Submit ATS

It is important for you to thoroughly review your draft TEACH Grant ATS before you submit it in order to make sure that you understand:

- The terms and conditions of your TEACH Grant service obligation, and
- Your legal obligation to repay your TEACH Grant as a Direct Unsubsidized Loan if you do not satisfy your service obligation, or if you do not meet the requirements of the TEACH Grant Program.

Your school will be notified when you submit your ATS.

TEACH Grant Disclosure Statement

For each TEACH Grant you receive, the Department will send you a disclosure statement that provides important information about the TEACH Grant funds the school you are attending plans to disburse (pay out) to you.

Your disclosure statement will provide the following information:

- **Award Amount** – This is the total amount of TEACH Grant funds that the school you are attending plans to disburse.
- **Disbursement Dates and Amounts** – These are the dates and amounts of each TEACH Grant disbursement that your school plans to make. Your school will disburse your TEACH Grant in more than one installment, by crediting your account, paying you directly, or both.

Your school and the Department's TEACH Grant servicer will notify you of the actual disbursement dates and amounts at the time of disbursement. Be sure to keep your disclosure statement and all other correspondence related to your TEACH Grant.

Definition of Key Terms

The Department

The U.S. Department of Education.

TEACH Grant servicer

The contractor that works on behalf of the Department to communicate with you in regards to your TEACH Grant service obligation, monitor your progress toward meeting your service obligation, process requests for suspension of the service obligation period, and handle other administrative matters related to your service obligation. For the 2016-2017 award year, your TEACH Grant servicer is **FedLoan Servicing**.

Loan servicer

The contractor that works on behalf of the Department to handle billing and other communications related to federal student loans held by the Department. If your TEACH Grant is converted to a Direct Unsubsidized Loan, your loan will be assigned to one of the Department's loan servicers. Your loan servicer may or may not be the same as your TEACH Grant Servicer; if the Department changes servicers, you will be notified. For the 2016-2017 award year, your loan servicer is **FedLoan Servicing**.

School

The elementary school, secondary school, or educational service agency where you complete your teaching service.

School year

An elementary or secondary school academic year.

Institution

The institution of higher education that awarded you a TEACH Grant

Teacher

For purposes of the TEACH Grant program, a teacher is a person who provides direct classroom teaching or classroom-type teaching in a non-classroom setting, including special education teachers and reading specialists.

Highly-Qualified Teacher

You must perform your teaching service as a highly-qualified teacher. The term highly-qualified teacher is defined:

- In section 9101(23) of the Elementary and Secondary Education Act of 1965, or
- If you are a special education teacher, in section 602(10) of the Individuals with Disabilities Education Act.

For more information about the requirements for being a highly-qualified teacher, please visit

<http://www.ed.gov/nclb/methods/teachers/hqtflexibility.html>.

Definition of Key Terms (continued)

Schools and Educational Service Agencies Serving Low-Income Students

You must teach at an elementary or secondary school (public or private) or educational service agency (ESA) that serves low-income students (low-income school or ESA). These schools and ESAs are listed in the Department's **Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits (Low-Income School Directory)**. *Any elementary or secondary school operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE), or operated on an Indian reservation by an Indian tribal group under contract or grant with the BIE, also qualifies as a low-income school. A list of these schools is available in the BIE Directory at <http://www.bie.edu/Schools/index.htm>.*

*If the school or ESA where you teach qualifies as a **low-income school/ESA** for all or part of one of your required four years of teaching, but does not qualify as a low-income school/ESA during subsequent school years, your subsequent years of teaching will still count for purposes of satisfying your TEACH Grant service obligation.*

*An **educational service agency** is a regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services or programs to local education agencies, (such as public school districts).*

To search the Department's Low-Income School Directory, please visit <https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>.

TEACH Grant High-Need Fields

More than half of the classes you teach during each school year must be in a high-need field. For purposes of the TEACH Grant program, high-need fields are:

- Mathematics;
- Science;
- Foreign language;
- Bilingual education;
- English language acquisition;
- Special education;
- Reading specialist; or
- Any other field that has been identified as high-need by the federal government, a state government, or a local education agency, and that is included in the Department's annual **Teacher Shortage Area Nationwide Listing (Nationwide Listing)**. If you are planning to teach in a high-need field that is included in the Nationwide Listing, that field must be listed for the state where you teach either:
 - At the time you begin your qualifying teaching service in that field after you have completed or otherwise ceased to be enrolled in the program for which you received the TEACH Grant (even if the field later loses its high-need designation for the state where you are teaching); or
 - During any award year in which you receive a TEACH Grant, even if that field is no longer designated as high-need when you begin teaching.

To search the Nationwide Listing, please visit <http://www.ed.gov/about/offices/list/oep/pol/tsa.pdf>.

Note: The Nationwide Listing includes both subject areas and geographic shortage areas. To qualify based on teaching in a high-need field that is included in the Nationwide Listing, you must teach in a listed subject shortage area, not a geographic shortage area.

TEACH Grant Service Obligation

Basic Requirements

As a condition for receiving a TEACH Grant, you must agree to complete a TEACH Grant service obligation. To complete your service obligation, you must teach full-time for at least four years:

- As a highly-qualified teacher;
- At a school or educational service agency (ESA) serving low-income students; and
- In a high-need field.

You must complete your required teaching service within eight years after you:

- Complete the academic program for which you received your TEACH Grant; or
- Are otherwise no longer enrolled in that program (for example, if you withdraw from school or if you change to a different program for which you are not eligible to receive a TEACH Grant).

You must complete a four-year service obligation for **each academic program** for which you received a TEACH Grant within eight years after you complete or otherwise cease to be enrolled in the program.

Each service obligation begins when:

- You completed the academic program for which you received the TEACH Grant funds; or
- You are no longer enrolled in an academic program for which you received TEACH Grant funds (for example, because you have withdrawn from the institution where you received your TEACH Grant or have enrolled in a different academic program for which you are no longer eligible to receive a TEACH Grant).

For example, if you receive a TEACH Grant for an undergraduate program and later return to school and receive another TEACH Grant for a graduate program, you will have a separate four-year service obligation for each program.

Separate TEACH Grant Service Obligations

If you receive a TEACH Grant for one academic program and later receive a TEACH Grant for a second program, any qualifying teaching service that you perform before you complete or otherwise cease to be enrolled in the second program may only be applied toward fulfillment of your service obligation for the first program.

If you receive a TEACH Grant for a second program before you have completed your service obligation for an earlier program, qualifying teaching service that you perform after you complete or otherwise cease to be enrolled in the second program may be applied toward your service obligation for both programs.

TEACH Grant Service Obligation (continued)

The following examples illustrate the service obligation requirements described on the previous page:

Example 1. You complete an academic program for which you received a TEACH Grant and immediately enroll in another academic program for which you will receive a TEACH Grant, before you begin teaching.

- You request and receive a suspension of the eight-year period for completing your service obligation for the first program while you are enrolled in the second program.
- After completing the second program, you must complete four years of qualifying teaching service that will concurrently fulfill your service obligations for both programs.

Example 2. You complete an academic program for which you received a TEACH Grant and begin qualifying teaching service to satisfy your service obligation.

- After completing one year of qualifying teaching service, you stop teaching and enroll in a second academic program for which you will receive a TEACH Grant.
- You request and receive a suspension of the eight-year period for completing your service obligation for the first program while you are enrolled in the second program.
- After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the second program and will concurrently fulfill the remaining three years of your service obligation for the first program.

Example 3. You complete an academic program for which you received a TEACH Grant and begin qualifying teaching service to satisfy your service obligation.

- After teaching for one year, you enroll in a second academic program for which you receive a TEACH Grant.
- You are enrolled in the second program for two years, and during that period you continue to teach full-time.
- After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the second program and will concurrently fulfill the remaining year of your service obligation for the first program.
- The qualifying teaching service that you perform while enrolled in the second program may only be applied to your service obligation for the first program.

Example 4. You complete an academic program for which you received a TEACH Grant and then fully satisfy your four-year service obligation for that program.

- You later enroll in another program for which you receive a TEACH Grant.
- After completing the second program, you must complete four years of qualifying service to fulfill your service obligation for the second program.
- No portion of the qualifying service that you completed for the first program may be applied to your service obligation for the second program.

Documenting Your TEACH Grant Service Obligation

Initial Certification

Unless you have received a temporary suspension of the eight-year period for completing your service obligation, or your service obligation has been discharged, you must keep your TEACH Grant servicer informed of your progress toward satisfying your service obligation.

More information about temporary suspensions of the eight-year period for completing your service obligation or discharge of your service obligation will be provided later in this counseling guide.

Within 120 days after you complete or otherwise cease to be enrolled in the program for which you received a TEACH Grant, you must notify your TEACH Grant servicer in writing that you:

- Are employed as a full-time teacher in accordance with the terms and conditions of the TEACH Grant service obligation; or
- Are not yet employed as a full-time teacher, but intend to meet the terms and conditions of your service obligation.

Annual Certification

Every year after you have completed each one of your four years of required teaching, you must provide your TEACH Grant servicer with documentation of that teaching service.

- A form for documenting your qualifying teaching service will be available from your TEACH Grant servicer. This form must be certified by the chief administrative officer of the school or ESA where you taught for the year being certified and must confirm for that specified academic year:
 - You were highly-qualified teacher as explained in this counseling guide.
 - You taught in a low-income school or ESA, as explained in this counseling guide.
 - More than half of your classes that you taught during the period being certified were in a high-need field, as listed in this counseling guide.

If you have completed the program for which you received a TEACH Grant but you are not employed in a qualifying teaching position, you must notify your TEACH Grant servicer **at least once each year** that you still intend to satisfy your service obligation.

Your TEACH Grant servicer will contact you periodically to confirm your intent to satisfy your obligation.

Documenting Your TEACH Grant Service Obligation (continued)

Completing Less Than a Full Year

If you do not complete a full school year of qualifying teaching service, but complete at least one-half of a school year at the school or ESA, the half-year of teaching can be counted as one of your four required years of teaching service under certain conditions.

A half-year of qualifying teaching can be counted as one of your four required years of teaching service only if your employer considers you to have fulfilled your contract requirements for the academic year for purposes of salary increases, tenure, and retirement, and if you were unable to complete a full academic year of teaching due to:

- A condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993 (FMLA). For information about the FMLA, please visit <http://www.dol.gov/compliance/laws/comp-fmla.htm>; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101 (d) (5), under a call to active service in connection with a war, military operation, or national emergency.

The reserve components of the Armed Forces named in 10 U.S.C. 10101 include the:

- Army National Guard of the United States,
- Army Reserve
- Navy Reserve,
- Marine Corps Reserve,
- Air National Guard of the United States,
- Air Force Reserve, and
- Coast Guard Reserve.

Multiple Employers

If you teach at more than one qualifying school or ESA during an elementary or secondary academic year, that year of teaching will count as one of your required four school years of teaching service if:

- You provide your TEACH Grant servicer with a certification from one or more of the chief administrative officers of the schools/ESAs where you taught showing that your combined teaching was the equivalent of one school year of full-time employment; and
- More than half of the classes you taught were in one or more of the high-need fields as defined in this counseling guide.

Temporary Suspension of Period for Completing Service Obligation

Suspension Conditions

If you have completed or are otherwise no longer enrolled in the academic program for which you received a TEACH Grant, you may request a suspension of the eight-year period for completing your TEACH Grant service obligation only if:

- You return to school and are enrolled in a program of study for which you would be eligible to receive a TEACH Grant, or a program that will satisfy state requirements for elementary or secondary school teacher certification;
- You have a condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993 (FMLA); or
- You have been called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d) (5), under a call to active service in connection with a war, military operation, or national emergency.

The conditions above are the only conditions under which you may receive a suspension of the eight-year period for completing your service obligation.

Maximum Suspension Period

You may receive a suspension of the eight-year period for completing your service obligation under the conditions described above under Suspension Conditions for periods of one year at a time.

- Suspensions based on your enrollment in certain programs of study or a condition covered by the FMLA can be granted in one-year increments, and may not exceed a combined total of three years.
- Suspensions based on a call or order to active duty status can be granted in one-year increments and may not exceed a total of three years. However, if your active duty status exceeds three years, you may be eligible for a discharge of all or a portion of your service obligation, as explained later in this counseling guide.

Example: You request and receive two separate one-year suspensions based on your enrollment in a qualifying program of study, and a one-year suspension based on a condition covered under the FMLA. You are not eligible for any further periods of suspension due to enrollment in a qualifying program of study or a condition covered under the FMLA, as you have used your maximum three years of suspension based on these conditions. However, you would still be eligible to receive up to three years of suspension based on qualifying active duty service, as described above.

The eight-year period for completing your service obligation will resume at the end of the suspension period. For example, if you receive a one-year suspension after the first two years of the eight-year period have elapsed, you will have another six years to complete your required teaching service after the suspension period ends.

Temporary Suspension of Period for Completing Service Obligation (continued)

Requesting a Suspension

You (or your personal representative in the case of a suspension based on a call or order to active duty status) must submit a suspension request to your TEACH Grant servicer, on a form approved by the Department, and you must include documentation to support your request. Your TEACH Grant servicer will tell you what type of documentation is required.

- You must submit a request for a suspension of the period for completing your service obligation **before** you are subject to any of the conditions that will convert your TEACH Grant to a Direct Unsubsidized Loan (see the Conversion to a Direct Unsubsidized Loan section of this counseling session).
- Once a TEACH Grant has been converted to a loan, it cannot be converted back to a TEACH Grant.

Discharge of Your TEACH Grant Service Obligation

Discharge Based on Total and Permanent Disability or Death

Your entire service obligation will be discharged (cancelled) if:

- You become totally and permanently disabled as defined in the Department's regulations and meet certain other requirements. To request a discharge, you must complete a total and permanent disability discharge application form. Your TEACH Grant servicer can tell you how to obtain this form.
- Your TEACH Grant servicer receives acceptable documentation of your death from a family member or other representative.

Military Discharge

You may qualify for a proportional discharge of your service obligation if you have received the maximum three-year suspension of the period for completing your service obligation based on qualifying military service (as described earlier in this counseling session) and you are subject to an extended call or order to active military status that exceeds three years. If you meet these requirements, you may receive a discharge of:

- One of the four years of your service obligation if your call or order to active duty status is for more than three years;
- Two of the four years of your service obligation if your call or order to active duty status is for more than four years;
- Three of the four years of your service obligation if your call or order to active duty status is for more than five years; and
- Your entire four-year service obligation if your call or order to active duty status is for more than six years.

To apply for a proportional military discharge you (or your representative) must submit a written discharge request to your TEACH Grant servicer and must provide the servicer with:

- A written statement from your commanding or personnel officer certifying:
 - You are on active duty in the Armed Forces of the United States;
 - The date on when your service began; and
 - The anticipated date of when your service will end; or
- A copy of your official military orders and a copy of your military identification.

If your service obligation is fully discharged based on total and permanent disability, death, or a call or order to active duty military status for more than six years, your TEACH Grant will not be converted to a Direct Unsubsidized Loan, and neither you nor your family will be required to repay the TEACH Grant funds you received.

If your service obligation is partially discharged based on military service, you are responsible for completing the remaining portion of the service obligation. For example, if you receive a proportional discharge of one year of your service obligation based on a call or order to active duty for more than three years, you would be required to complete three years of qualifying teaching service to satisfy your service obligation.

Canceling Your TEACH Grant

If you decide that you do not want a TEACH Grant (or if you want to receive less than the full amount for which you are eligible), you can cancel all or part of your TEACH Grant by notifying your school by the later of:

- 14 days after the date the school notifies you of your right to cancel all or part of the TEACH Grant; or
- The first day of the school's payment period (your school can tell you the first day of the payment period).

If you notify your school that you want to cancel your TEACH Grant within the timeframe described above, your school is required to return the TEACH Grant funds to the Department.

If you ask your school to cancel your TEACH Grant outside the timeframe described above, but within 120 days of the TEACH Grant disbursement date, your school may return the TEACH Grant funds to the Department, but is not required to do so.

Any TEACH Grant funds that your school returns to the Department based on your request will not be converted to a Direct Unsubsidized Loan.

Conversion to a Direct Unsubsidized Loan

Conditions for Conversion of a TEACH Grant To a Direct Unsubsidized Loan

| IF YOU: | YOUR TEACH GRANT WILL BE CONVERTED TO A DIRECT UNSUBSIDIZED LOAN IF: |
|---|---|
| Complete the academic program for which you received a TEACH Grant | <ul style="list-style-type: none"> You do not confirm to your TEACH Grant servicer at least once each year that you intend to satisfy your service obligation You do not begin or maintain qualifying employment as a teacher within a timeframe that would allow you to complete your required four years of teaching within the maximum eight-year period. For example, if more than four years have elapsed since you completed a program for which you received a TEACH Grant and you have not yet begun qualifying teaching service, your TEACH Grants will be converted to Direct Unsubsidized Loans because you would not be able to complete the required four years of teaching within eight years of completing the program. |
| Cease enrollment at the institution where you received the TEACH Grant before completing the program for which you received the TEACH Grant | <ul style="list-style-type: none"> Within 120 days after you cease enrollment at the institution where you received the TEACH Grant, you do not confirm to your TEACH Grant servicer that: <ul style="list-style-type: none"> You are employed as a full-time teacher in accordance with the requirements described in your TEACH Grant Agreement to Serve (ATS); or You are not yet employed as a full-time teacher in accordance with the requirements described in your ATS, but you intend to meet the terms and conditions of your TEACH Grant service obligation. You provide the required confirmation within the 120-day period as described above, but within one year after you cease enrollment at the institution where you received the TEACH Grant, you have not: <ul style="list-style-type: none"> Requested and been approved for a suspension of the eight-year period for completing your service obligation; Reenrolled in a program for which you would be eligible to receive a TEACH Grant; or Begun qualifying teaching service as described previously. |

You may also request that your TEACH Grant be converted to a Direct Unsubsidized Loan for any reason (for example, because you have decided that you no longer want to be a teacher, or because you have decided not to teach in a low-income school).

Conversion to a Direct Unsubsidized Loan (continued)

Other circumstances that may result in conversion of a TEACH Grant into a Direct Unsubsidized Loan

There are other circumstances that might prevent you from completing your TEACH Grant service obligation (other than one of the conditions that would qualify you for a discharge of your service obligation), and therefore could result in conversion of your TEACH Grant to a Direct Unsubsidized Loan. For example, if you have a felony conviction (either in the past or in the future) could prevent you from being employed as a teacher, and you would then be unable to complete your service obligation.

Consequences of Conversion

Terms and Conditions After a TEACH Grant Has Been Converted to a *Direct Unsubsidized Loan

A TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to Direct Unsubsidized Loans under applicable law and regulations, including the terms and conditions described in your TEACH Grant Agreement to Serve (ATS).

- **Requirement to Repay with Interest**

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you will be required to repay the full amount of all TEACH Grant funds you received, with interest charged from the date of each TEACH Grant disbursement.

- **Grace Period**

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you will receive a 6-month grace period that begins on the day after your grant is converted to a loan. During the grace period:

- You are not required to make payments on your loan.
- Interest will continue to accrue.

You must begin making payments on your loan at the end of the six month grace period. Your loan servicer will:

- Notify you of the date your first payment is due, and
- Provide you with a repayment schedule that identifies your payment amounts and due dates.

Once your TEACH Grant is converted to a Direct Unsubsidized Loan, it cannot be reconverted to a grant.

Effect of Conversion to a Loan on Loan Limits

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

National Consumer Reporting Agencies (Credit Bureaus)

A TEACH Grant that is converted to a loan will be reported to one or more national consumer reporting agencies, and will be identified as an education loan.

Interest

Interest

Interest is money paid to the **lender** in exchange for borrowing money. Interest is calculated as a percentage of the unpaid principal amount (loan amount) borrowed.

Interest Rate

The interest rate on Direct Unsubsidized Loans is a fixed rate that is calculated each year and that applies to all Direct Unsubsidized Loans first disbursed during the period beginning on July 1 of one year and ending on June 30 of the following year. The rate that is calculated applies for the life of the loan. The fixed interest rate on a Direct Unsubsidized Loan will vary depending on when the loan was first disbursed, and whether the loan was made to an undergraduate student or to a graduate or professional student. For Direct Unsubsidized Loans made to undergraduate students, the maximum interest rate is 8.25%. For Direct Unsubsidized Loans made to graduate or professional students, the maximum interest rate is 9.5%.

When a TEACH Grant is converted to a Direct Unsubsidized Loan, the fixed interest rate will be the rate that was in effect for Direct Unsubsidized Loans on the date the TEACH Grant was first disbursed.

Example 1: The interest rate on Direct Unsubsidized Loans made to undergraduate students and first disbursed during the period July 1, 2016 through June 30, 2017 is 3.76%. If a TEACH Grant that is first disbursed to an undergraduate student during this period is later converted to a Direct Unsubsidized Loan, the interest rate will be 3.76% for the life of the loan.

Example 2: The interest rate on Direct Unsubsidized Loans made to graduate or professional students and first disbursed during the period July 1, 2016 through June 30, 2017 is 5.31%. If a TEACH Grant that is first disbursed to a graduate or professional student during this period is later converted to a Direct Unsubsidized Loan, the interest rate will be 5.31% for the life of the loan.

For each TEACH Grant you receive, we will notify you of the interest rate that will apply if that TEACH Grant is converted to a Direct Unsubsidized Loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans you obtained prior to military service may be limited to 6% during your military service. If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, the loan is considered to have been obtained on the date of the first TEACH Grant disbursement. Contact your loan servicer for information about this benefit.

Payment of Interest

Except as explained below under **No accrual of interest benefit for active duty service members**, interest is charged on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement of the TEACH Grant), including deferment and forbearance periods.

- At the time your TEACH Grant is converted to a Direct Unsubsidized loan, you will be given the opportunity to pay the interest that accrued. If you do not pay this interest, it will be capitalized (see below) when the loan enters repayment at the end of the 6-month grace period.
- You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the laws and regulations that apply to Direct Unsubsidized Loans. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

Interest (continued)

No Accrual of Interest Benefit for Active Duty Service Members

You are not required to pay interest that accrues on any type of Direct Loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, you are eligible for the no accrual of interest benefit on that loan if the TEACH Grant was first disbursed on or after October 1, 2008.

Interest Capitalization

Capitalization is the addition of unpaid interest to the principal balance of a loan. Capitalization increases the principal balance of your loan, and interest is then charged on the increased principal balance. This may increase your monthly payment amount and the total amount you repay over the life of your loan.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2013 and completed in June 2017, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2021 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$9,347 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the six-month grace period) in June 2022, based on an interest rate of 8.25% (the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students). The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| Grant Actions | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|---|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2013 to June 1, 2022 (at 8.25%, the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students) | \$9,347 (paid before the loan enters repayment) | \$9,347 (capitalized) |
| Principal to be Repaid | \$16,000 | \$25,347 |
| Monthly Payment (Standard Repayment Plan) | \$196 | \$311 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$32,867 | \$37,320 |

In this example, you would pay \$115 less per month and \$4,453 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>.

Payments

You must make payments on your loan even if you do not receive a bill or repayment notice. You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the Income-Based Repayment Plan (IBR), the Pay As You Earn Plan, or the Income-Contingent Repayment Plan (ICR) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR Plan.

Payment Application

During periods of repayment under any repayment plan other than the Income-Based Repayment Plan or the Pay As You Earn Plan, payments made on a Direct Unsubsidized Loan will be applied in the following order:

1. Late charges and collection costs,
2. Outstanding interest, and
3. Outstanding principal.

During periods of repayment under the Income-Based Repayment Plan or the Pay As You Earn Plan, payments will be applied in the following order:

1. Outstanding interest,
2. Late charges or collection costs, and
3. Outstanding principal.

Prepayment

You may prepay all or any part of the unpaid balance on your loans at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month. Any prepayments that you make will be applied in accordance with applicable laws and regulations. Your loan servicer can provide more information about how prepayments are applied.

Repayment Incentives

A repayment incentive is a benefit that is offered to encourage you to repay your loan on time. One repayment incentive is the automatic payment withdrawal option. With this option, your loan servicer electronically transfers your monthly loan payment from your checking or savings account to your student loan account. You will receive a 0.25 percent interest rate reduction while you repay under automatic withdrawal option.

Repayment Plans

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you will be able to choose from several repayment plans that are designated to meet your individual needs.

If you do not choose a repayment plan, you will be placed on the Standard Repayment Plan. You may change repayment plans at any time after you have begun repaying your loan.

Standard Repayment Plan

Under this plan, you will:

- Make fixed monthly payments, and
- Repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment.

Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under this plan, your payments start out low and gradually increase, usually every two years.

- You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment.
- Your monthly payment must be at least to the amount of interest that accrues each month.
- No single payment will be more than three times greater than any other payment.

Extended Repayment Plan

You are eligible for this repayment plan only if:

- You had no outstanding balance on a Direct Loan as of October 7, 1998 or on the date you obtained a Direct Loan after October 7, 1998, and
- You have an outstanding balance on Direct Loans that is more than \$30,000.

Under this plan, you:

- Will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment.
- May choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time.
- If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year).

Revised Pay As You Earn Repayment Plan (REPAYE)

Under the Revised Pay As You Earn Plan, your monthly payment amount is generally equal to 10% of your discretionary income, divided by 12. Discretionary income for the REPAYE plan is the amount by which your adjusted gross income exceeds 150% of the poverty guideline amount for your state of residence and family size. If you are married, your AGI generally includes your spouse's income regardless of how you file your federal income tax return.

While you are repaying under the REPAYE Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Any outstanding balance on your loan will be forgiven if you have not repaid your loan in full after 20 or 25 years.

Pay As You Earn Repayment Plan

Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse. The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

- (1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and
- (2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part (1) of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income-Based Repayment Plan (IBR)

Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see **Note) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse’s eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

****Note:** You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in the U.S. Department of Education’s National Student Loan Data System.

Income-Contingent Repayment Plan (ICR)

Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Alternative Repayment Plan

If the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, your loan servicer may provide you with an alternative repayment plan.

Sample Monthly Payments for Direct Loan Program

The tables below provide repayment estimates under the traditional and income-driven repayment plans. These figures are estimates based on an interest rate of 6%, the average Direct Loan interest rate for undergraduate and graduate borrowers. The figures also assume a family size of 1, that you live in the continental U.S., and that your income increases 5% each year. Various factors, including your interest rate, your loan debt, your income, and if and how quickly your income rises, may cause your repayment to differ from the estimates shown in these tables. These figures use the 2015 Poverty Guidelines and Income Percentage Factors.

Table 1. Non-Consolidation, Undergraduate Loan Debt of \$30K in Direct Unsubsidized Loans and Starting Income of \$25K.

| Repayment Plan | Initial Payment | Final Payment | Time in Repayment | Total Paid | Loan Forgiveness |
|----------------------------|-----------------|---------------|--------------------|------------|------------------|
| Standard | \$333 | \$333 | 10 years | \$39,967 | N/A |
| Graduated | \$190 | \$571 | 10 years | \$42,636 | N/A |
| Extended-Fixed | Ineligible | - | - | - | - |
| Extended-Graduated | Ineligible | - | - | - | - |
| PAYE & IBR (new borrowers) | \$61 | \$299 | 20 years | \$38,714 | \$27,164 |
| REPAYE | \$61 | \$299 | 20 years | \$38,714 | \$23,672 |
| IBR | \$92 | \$333 | 21 years, 6 months | \$60,441 | \$0 |

| Repayment Plan | Initial Payment | Final Payment | Time in Repayment | Total Paid | Loan Forgiveness |
|----------------|-----------------|---------------|--------------------|------------|------------------|
| ICR | \$197 | \$255 | 19 years, 2 months | \$51,838 | \$0 |

Table 2. Non-Consolidation, Undergraduate/Graduate Loan Debt of \$60K in Direct Unsubsidized Loans and Starting Income of \$40K.

| Repayment Plan | Initial Payment | Final Payment | Repayment Period | Total Paid | Loan Forgiveness |
|----------------------------|-----------------|---------------|---------------------|------------|------------------|
| Standard | \$666 | \$666 | 10 years | \$79,935 | N/A |
| Graduated | \$381 | \$1,143 | 10 years | \$85,272 | N/A |
| Extended-Fixed | \$387 | \$387 | 25 years | \$115,974 | N/A |
| Extended-Graduated | \$300 | \$582 | 25 years | \$126,173 | N/A |
| PAYE & IBR (new borrowers) | \$186 | \$615 | 20 years | \$88,314 | \$41,008 |
| REPAYE | \$186 | \$819 | 24 years, 11 months | \$131,061 | \$0 |
| IBR | \$279 | \$666 | 18 years, 1 month | \$107,385 | \$0 |
| ICR | \$471 | \$586 | 13 years, 8 months | \$89,152 | \$0 |

Deferment and Forbearance

If you think you might have a problem making your monthly loan payment on time, contact your loan servicer immediately to discuss other repayment plan options, eligibility for a deferment, or eligibility for forbearance.

Deferment

A deferment allows you to temporarily postpone making loan payments if you meet certain requirements. You may receive a deferment while you are:

- Enrolled at least half-time at an eligible postsecondary school;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- Experiencing an economic hardship (including Peace Corps service), as determined under the laws and regulations that govern the Direct Loan Program (for a maximum of three years); or
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service.

- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or within six months of having been enrolled at least half-time, you are eligible for a deferment during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. Contact your loan servicer for more information.

Except for a deferment based on your at least half-time enrollment at an eligible postsecondary school, you must submit a deferment request form to your loan servicer. In most cases, you must also provide documentation of your eligibility for the deferment.

You may receive a deferment based on your at least half-time enrollment at an eligible school without submitting a deferment request if your loan servicer receives information from the school you are attending that confirms your enrollment status. If your loan servicer grants a deferment based on information received from your school, you will be notified of the deferment and will have the option of cancelling the deferment and continuing to make payments on your loans.

If you are in default on your loan, you are not eligible for a deferment.

Interest is charged on a Direct Unsubsidized Loan during deferment periods except under the No accrual of interest benefit for active duty service members. You may pay interest as it accrues, or allow it to be capitalized at the end of the deferment period.

Deferment and Forbearance (continued)

Forbearance

Forbearance is another option for temporarily postponing loan payments, if you do not meet the eligibility requirements for a deferment.

Your loan servicer may give you a forbearance if you are temporarily unable to make your loan payments for reasons including, but not limited to, financial hardship or illness.

In addition, your loan servicer will give you a forbearance if you meet one of the following requirements:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Higher Education Act is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing teaching service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

Generally, you must request a forbearance and, in some cases, submit documentation of your eligibility for a forbearance. However, under certain circumstances you may be given a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (interest that is charged during this period is not capitalized); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

Interest is charged on a Direct Unsubsidized Loan during forbearance periods. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period.

Remember...

You MUST continue making payments on your student loan until you have been notified that your request for deferment or forbearance has been granted. If you do not continue making payments and your request is not approved, you will become delinquent and may default on your loan.

Default

If you become delinquent in making payments on a Direct Unsubsidized Loan, this could lead to default.

You are considered to be in default on your loan if:

- You do not make installment payments when due, and your failure to make payments has persisted for at least 270 days; or
- You do not comply with other terms of your loan, and it is reasonably concluded that you no longer intend to honor your repayment obligation.

If you default:

- Your default will be reported to nationwide consumer reporting agencies (credit bureaus) and will adversely affect your credit history.
- All outstanding interest may be capitalized into a new principal balance.
- You may be required to immediately repay the entire unpaid amount of your loan.
- You may be sued, have all or part of your federal and state tax refunds and other federal or state payments taken, and/or have your wages garnished so that your employer is required to send us part of your salary to pay off your loan.
- You will be required to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments and other benefits.

Loan Discharge and Forgiveness Programs

Loan Discharge

Your loan will be discharged (forgiven) if:

- The Department determines that you are totally and permanently disabled (as defined in accordance with the laws and regulations that govern the Direct Loan Program), and you meet certain other requirements;
- Your loan servicer receives acceptable documentation of your death; or
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not automatically discharged if you file for bankruptcy.

Other Loan Discharge Conditions

All or portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan may also be discharged under certain other conditions, as explained in your TEACH Grant Agreement to Serve (ATS).

- **Public Service Loan Forgiveness**

Under this program, you may qualify for forgiveness of the remaining balance of your Direct Loans after making 120 qualifying payments on those loans while employed full-time by certain public service employers. For more information about PSLF, visit <https://studentaid.ed.gov/repay-loans/forgiveness-cancellation/charts/public-service>

- **Teacher Loan Forgiveness**

If you do not meet the requirements of the TEACH Grant Program, and your TEACH Grant is converted to a Direct Unsubsidized Loan, you may qualify to have a portion of your loan balance forgiven if:

- You did not have an outstanding balance on a Direct Loan or FFEL Program loan on Oct. 1, 1998, or on the date you obtained a Direct Loan or FFEL Program loan after Oct. 1, 1998; and
- You teach full-time in a low-income elementary or secondary school or *educational service agency* for five consecutive years and meet certain other qualifications

For more information about Teacher Loan Forgiveness, visit <https://studentaid.ed.gov/repay-loans/forgiveness-cancellation/charts/teacher>.

Useful Resources

Agreement to Serve Website

For detailed information regarding your TEACH Grant, please visit <https://teach-ats.ed.gov/ats/index.action>.

Repayment Plan Calculators

To access the online repayment calculators for estimates of your monthly payments under the Standard, Graduated, Extended, Income-Based, Pay As You Earn and Income-Contingent repayment plans based on various debt levels upon entering repayment, please visit

StudentAid.gov/repayment-estimator.

For the Income-Based Repayment and Pay As You Earn Plans, use the calculator at the link provided above to evaluate your eligibility and estimate your initial Income-Based Repayment or Pay As You Earn monthly payment amount.

Loan Consolidation

A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment and may allow you to extend the period of time that you have to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. If your TEACH Grant is converted to a Direct Unsubsidized Loan, it may be consolidated into a Direct Consolidation Loan. Contact your loan servicer for more information about loan consolidation.

NSLDS

The National Student Loan Data System (NSLDS) contains information about all Title IV loans you have received, including TEACH Grants that have been converted to Direct Unsubsidized Loans. To access NSLDS, please visit <http://www.nsls.ed.gov>.

Federal Student Aid Ombudsman

The U.S. Department of Education's Federal Student Aid Ombudsman can help resolve problems related to student loans (including TEACH Grants that have been converted to Direct Unsubsidized Loans) when other approaches have failed. It is important to keep all of your TEACH Grant papers and correspondence for your records. You should contact your TEACH Grant servicer or loan servicer first to try and resolve the problem. If you are unable to resolve the problem on your own, you may contact the FSA Ombudsman for assistance. You can reach the FSA Ombudsman at:

Office of the Ombudsman
United States Department of Education
830 First Street NE
4th Floor UCP-3/MS 5144
Washington, DC 20201-5144
Toll-free phone: (877) 557-2575
Internet Websites: <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>

TEACH Grant servicer

The Department's TEACH Grant servicer will:

- Periodically communicate with you regarding your TEACH Grant(s) while you are completing your program of study and after you are no longer enrolled;
- Track your progress in meeting the requirements of your TEACH Grant service obligation; and
- Service and collect TEACH Grants that have been converted to a Direct Unsubsidized Loan.

Keeping Your TEACH Grant servicer Informed of Your Status

- It is important to keep your TEACH Grant servicer informed of your current address and other information. Notify your TEACH Grant servicer promptly of any change in your name, address, or telephone number. Also notify your TEACH Grant servicer if your employer's address or telephone number has changed.
- **Within 120 days** after you complete or otherwise cease to be enrolled in the program for which you received your TEACH Grant, you must notify your TEACH Grant servicer in writing that you:
 - Are employed as a full-time teacher in accordance with the terms and conditions of the TEACH Grant Program; or
 - Are not yet employed as a full-time teacher, but intend to meet the terms and conditions of your service obligation.
- If you completed the program for which you received your TEACH Grant but are not yet employed in a qualifying teaching position, you must notify your TEACH Grant servicer at least **once each year** that you still intend to satisfy your service obligation.
- Once you begin qualifying teaching service, you must provide your TEACH Grant servicer with documentation of your qualifying employment **after each year** of your four years of required teaching.
- A form for documenting your qualifying teaching service will be available from your TEACH Grant servicer. This form must be certified by the chief administrative officer of the school or educational service agency where you taught for the year being certified.

TEACH Grant servicer Address:

FedLoan Servicing
P. O. Box 69184
Harrisburg, PA 17106-9184

TEACH Grant servicer Telephone Numbers:

- 1-800-699-2908
- 1-800-722-8189 (TDD)
- 1-717-720-1985 (International)

TEACH Grant servicer Website:

<http://www.myfedloan.org/TEACH>



Teacher Education Assistance for College and Higher Education Grant

(TEACH Grant)

Exit Counseling Guide
June 2016

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Overview

The U.S. Department of Education's (the Department's) Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) Program awards grants to students who intend to teach, to help pay for their postsecondary education. As a condition for receiving a TEACH Grant, you must agree to teach full-time for at least four years as a highly-qualified teacher in a high-need field, in a school or educational service agency (ESA) serving low-income students. You must complete the four years of teaching within eight years after you complete or otherwise cease to be enrolled in the program of study for which student received the grant. If you do not meet the terms of your TEACH Grant service obligation, all TEACH Grant funds that you received will be converted to a *William D. Ford Federal Direct Loan Program, Direct Unsubsidized Loan that you must repay in full, with interest charged from the date of each TEACH Grant disbursement. The Department's TEACH Grant servicer oversees your grant account until you meet your service obligation for each grant. The TEACH Grant servicer for 2016 – 2017 award year is, **FedLoan Servicing**.

If you are enrolled full time, you can receive up to \$4,000 each year in TEACH Grant funds, up to a maximum of:

- \$16,000 for undergraduate and/or post baccalaureate study, and
- \$8,000 for graduate study.

Your school will inform you of the actual amount of TEACH Grant funds you qualify to receive each year.

Definition of Key Terms

The Department

The U.S. Department of Education.

TEACH Grant servicer

The contractor that works on behalf of “the Department” to communicate with you in regards to your TEACH Grant service obligation, monitor your progress toward meeting your service obligation, process requests for suspension of the service obligation period, and handle other administrative matters related to your service obligation. For the 2016-2017 award year, your TEACH Grant servicer is **FedLoan Servicing**.

Loan servicer

The contractor that works on behalf of “the Department” to handle billing and other communications related to federal student loans held by the Department. If your TEACH Grant is converted to a Direct Unsubsidized Loan, your loan will be assigned to one of the Department’s loan servicers. Your loan servicer may or may not be the same as your TEACH Grant Servicer; if the Department changes servicers, you will be notified. For the 2016-2017 award year, your loan servicer is **FedLoan Servicing**.

School

The elementary school, secondary school, or educational service agency where you complete your teaching service.

School year

The elementary or secondary school or educational service agency where you complete your teaching service.

Institution

The institution of higher education that awarded you a TEACH Grant

Teacher

For purposes of the TEACH Grant program, a teacher is:

- A person who provides direct classroom teaching or classroom-type teaching in a non-classroom setting, including special education teachers and reading specialists.

Highly-Qualified Teacher

You must perform your teaching service as a highly-qualified teacher. The term highly-qualified teacher is defined:

- In section 9101(23) of the Elementary and Secondary Education Act of 1965, or
- If you are a special education teacher, in section 602(10) of the Individuals with Disabilities Education Act.

For more information about the requirements for being a highly-qualified teacher, please visit

<http://www.ed.gov/nclb/methods/teachers/hqtflexibility.html>.

Definition of Key Terms (continued)

Schools and Educational Service Agencies Serving Low-Income Students

You must teach at an elementary or secondary school (public or private) or educational service agency (ESA) that serves low-income students (low-income school or ESA). These schools and ESAs are listed in the Department's **Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits (Low-Income School Directory)**. Any elementary or secondary school operated by the **U.S. Department of the Interior's Bureau of Indian Education (BIE)**, or operated on an Indian reservation by an Indian tribal group under contract or grant with the BIE, also qualifies as a low-income school, a list of these schools is available in the BIE Directory at <http://www.bie.edu/Schools/index.htm>.

If the school or ESA where you teach qualifies as a **low-income school/ESA for all or part of one of your required four** years of teaching, but does not qualify as a low-income school/ESA during subsequent school years, your subsequent years of teaching will still count for purposes of satisfying your TEACH Grant service obligation.

An **educational service agency** is a regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services or programs to local education agencies, (such as public school districts).

To search the Department's Low-Income School Directory, please visit <https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>.

TEACH Grant High-Need Fields

More than half of the classes you teach during each school year must be in a high-need field. For purposes of the TEACH Grant program, high-need fields are:

- Mathematics;
- Science;
- Foreign language;
- Bilingual education;
- English language acquisition;
- Special education;
- Reading specialist; or
- Any other field that has been identified as high-need by the federal government, a state government, or a local education agency, and that is included in the Department's annual **Teacher Shortage Area Nationwide Listing (Nationwide Listing)**. If you are planning to teach in a high-need field that is included in the Nationwide Listing, that field must be listed for the state where you teach either:
 - At the time you begin your qualifying teaching service in that field after you have completed or otherwise ceased to be enrolled in the program for which you received the TEACH Grant (even if the field later loses its high-need designation for the state where you are teaching); or
 - During any award year in which you receive a TEACH Grant, even if that field is no longer designated as high-need when you begin teaching.

To search the Nationwide Listing, please visit <http://www.ed.gov/about/offices/list/oep/pol/tsa.pdf>.

Note: The Nationwide Listing includes both subject areas and geographic shortage areas. To qualify based on teaching in a high-need field that is included in the Nationwide Listing, you must teach in a listed subject shortage area, not a geographic shortage area.

TEACH Grant Service Obligation

Basic Requirements

As a condition for receiving a TEACH Grant, you must agree to complete a TEACH Grant service obligation. To complete your service obligation, you must teach full-time for at least four years:

- As a highly-qualified teacher;
- At a school or educational service agency (ESA) serving low-income students; and
- In a high-need field.

You must complete your required teaching service within eight years after you:

- Complete the academic program for which you received your TEACH Grant; or
- Are otherwise no longer enrolled in that program (for example, if you withdraw from school or if you change to a different program for which you are not eligible to receive a TEACH Grant).

You must complete a four-year service obligation for **each academic program** for which you received a TEACH Grant within eight years after you complete or otherwise cease to be enrolled in the program.

Each service obligation begins when:

- You completed the academic program for which you received the TEACH Grant funds; or
- You are no longer enrolled in an academic program for which you received TEACH Grant funds (for example, because you have withdrawn from the institution where you received your TEACH Grant or have enrolled in a different academic program for which you are no longer eligible to receive a TEACH Grant).

For example, if you receive a TEACH Grant for an undergraduate program and later return to school and receive another TEACH Grant for a graduate program, you will have a separate four-year service obligation for each program.

Separate TEACH Grant Service Obligations

If you receive a TEACH Grant for one academic program and later receive a TEACH Grant for a second program, any qualifying teaching service that you perform before you complete or otherwise cease to be enrolled in the second program may only be applied toward fulfillment of your service obligation for the first program.

If you receive a TEACH Grant for a second program before you have completed your service obligation for an earlier program, qualifying teaching service that you perform after you complete or otherwise cease to be enrolled in the second program may be applied toward your service obligation for both programs.

TEACH Grant Service Obligation (continued)

The following examples illustrate the service obligation requirements described on the previous page:

Example 1. You complete an academic program for which you received a TEACH Grant and immediately enroll in another academic program for which you will receive a TEACH Grant, before you begin teaching.

- You request and receive a suspension of the eight-year period for completing your service obligation for the first program while you are enrolled in the second program.
- After completing the second program, you must complete four years of qualifying teaching service that will concurrently fulfill your service obligations for both programs.

Example 2. You complete an academic program for which you received a TEACH Grant and begin qualifying teaching service to satisfy your service obligation.

- After completing one year of qualifying teaching service, you stop teaching and enroll in a second academic program for which you will receive a TEACH Grant.
- You request and receive a suspension of the eight-year period for completing your service obligation for the first program while you are enrolled in the second program.
- After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the second program and will concurrently fulfill the remaining three years of your service obligation for the first program.

Example 3. You complete an academic program for which you received a TEACH Grant and begin qualifying teaching service to satisfy your service obligation.

- After teaching for one year, you enroll in a second academic program for which you receive a TEACH Grant.
- You are enrolled in the second program for two years, and during that period you continue to teach full time.
- After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the second program and will concurrently fulfill the remaining year of your service obligation for the first program.
- The qualifying teaching service that you perform while enrolled in the second program may only be applied to your service obligation for the first program.

Example 4. You complete an academic program for which you received a TEACH Grant and then fully satisfy your four-year service obligation for that program.

- You later enroll in another program for which you receive a TEACH Grant.
- After completing the second program, you must complete four years of qualifying service to fulfill your service obligation for the second program.
- No portion of the qualifying service that you completed for the first program may be applied to your service obligation for the second program.

Documenting your TEACH Grant Service Obligation

Initial Certification

Unless you have received a temporary suspension of the eight-year period for completing your service obligation, or your service obligation has been discharged, you must keep your TEACH Grant servicer informed of your progress toward satisfying your service obligation.

More information about temporary suspensions of the eight-year period for completing your service obligation or discharge of your service obligation will be provided later in this counseling guide.

Within 120 days after you complete or otherwise cease to be enrolled in the program for which you received a TEACH Grant, you must notify your TEACH Grant servicer in writing that you:

- Are employed as a full-time teacher in accordance with the terms and conditions of the TEACH Grant service obligation; or
- Are not yet employed as a full-time teacher, but intend to meet the terms and conditions of your service obligation.

Annual Certification

Every year after you have completed each one of your four years of required teaching, you must provide your TEACH Grant servicer with documentation of that teaching service.

- A form for documenting your qualifying teaching service will be available from your TEACH Grant servicer. This form must be certified by the chief administrative officer of the school or ESA where you taught for the year being certified and must confirm for that specified academic year:
 - You were highly-qualified teacher as explained in this counseling guide
 - You taught in a low-income school or ESA, as explained in this counseling guide.
 - More than half of your classes that you taught during the period being certified were in a high-need field, as listed in this counseling guide.

If you have completed the program for which you received a TEACH Grant but you are not employed in a qualifying teaching position, you must notify your TEACH Grant servicer **at least once each year** that you still intend to satisfy your service obligation.

Your TEACH Grant servicer will contact you periodically to confirm your intent to satisfy your obligation.

Documenting your TEACH Grant Service Obligation (continued)

Completing Less Than a Full Year of Qualifying Teaching Service

If you do not complete a full school year of qualifying teaching service, but complete at least half of a school year at the school or ESA, the half-year of teaching can be counted as one of your four required years of teaching service under certain conditions.

A half-year of qualifying teaching can be counted as one of your four required years of teaching service only if your employer considers you to have fulfilled your contract requirements for the academic year for purposes of salary increases, tenure, and retirement, and if you were unable to complete a full academic year of teaching due to:

- A condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993 (FMLA). For information about the FMLA, please visit www.dol.gov/esa/whd/fmla/; or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101 (d) (5), under a call to active service in connection with a war, military operation, or national emergency.

The reserve components of the Armed Forces named in 10 U.S.C. 10101 include the:

- Army National Guard of the United States,
- Army Reserve,
- Navy Reserve,
- Marine Corps Reserve,
- Air National Guard of the United States,
- Air Force Reserve, and
- Coast Guard Reserve.

Multiple Employers

If you teach at more than one qualifying low-income school and/or ESA during an elementary or secondary academic year, that year of teaching will count as one of your required four school years of teaching service if:

- You provide your TEACH Grant servicer with a certification from one or more of the chief administrative officers of the schools/ESAs where you taught showing that your combined teaching was the equivalent of one school year of full-time employment; and
- More than half of the classes you taught were in one or more of the high-need fields as defined in this counseling guide.

Temporary Suspension of Period for Completing Service Obligation

Suspension Conditions

If you have completed or are otherwise no longer enrolled in the academic program for which you received a TEACH Grant, you may request a suspension of the eight-year period for completing your TEACH Grant service obligation only if:

- You return to school and are enrolled in a program of study for which you would be eligible to receive a TEACH Grant, or a program that will satisfy state requirements for elementary or secondary school teacher certification;
- You have a condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993 (FMLA); or
- You have been called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d) (5), under a call to active service in connection with a war, military operation, or national emergency.

The conditions above are the only conditions under which you may receive a suspension of the eight-year period for completing your service obligation.

Maximum Suspension Period

You may receive a suspension of the eight-year period for completing your service obligation under the conditions described above under Suspension Conditions for periods of one year at a time.

- Suspensions based on your enrollment in certain programs of study or a condition covered by the FMLA can be granted in one-year increments, and may not exceed a combined total of three years.
- Suspensions based on a call or order to active duty status can be granted in one-year increments and may not exceed a total of three years. However, if your active duty status exceeds three years, you may be eligible for a discharge of all or a portion of your service obligation, as explained later in this counseling guide.

Example: You request and receive two separate one-year suspensions based on your enrollment in a qualifying program of study, and a one-year suspension based on a condition covered under the FMLA. You are not eligible for any further periods of suspension due to enrollment in a qualifying program of study or a condition covered under the FMLA, as you have used your maximum three years of suspension based on these conditions. However, you would still be eligible to receive up to three years of suspension based on qualifying active duty service, as described above.

The eight-year period for completing your service obligation will resume at the end of the suspension period. For example, if you receive a one-year suspension after the first two years of the eight-year period have elapsed, you will have another six years to complete your required teaching service after the suspension period ends.

Temporary Suspension of Period for Completing Service Obligation (continued)

Requesting a Suspension

You (or your personal representative in the case of a suspension based on a call or order to active duty status) must request a suspension of the period for completing your service obligation by contacting your TEACH Grant servicer, and you must include documentation to support your request. Your TEACH Grant servicer will tell you what type of documentation is required.

- You must submit a request for a suspension of the period for completing your service obligation **before** you are subject to any of the conditions that will convert your TEACH Grant to a Direct Unsubsidized Loan (see the Conversion to a Direct Unsubsidized Loan section of this counseling session).
- Once a TEACH Grant has been converted to a loan, it cannot be converted back to a TEACH Grant.

Discharge of Your TEACH Grant Service Obligation

Discharge Based on Total and Permanent Disability or Death

Your entire service obligation will be discharged (cancelled) if:

- You become totally and permanently disabled as defined in the Department's regulations and meet certain other requirements. To request a discharge, you must complete a total and permanent disability discharge application form. Your TEACH Grant servicer can tell you how to obtain this form.
- Your TEACH Grant servicer receives acceptable documentation of your death from a family member or other representative.

Military Discharge

You may qualify for a proportional discharge of your service obligation if you have received the maximum three-year suspension of the period for completing your service obligation based on qualifying military service (as described earlier in this counseling session) and you are subject to an extended call or order to active military status that exceeds three years. If you meet these requirements, you may receive a discharge of:

- One of the four years of your service obligation if your call or order to active duty status is for more than three years;
- Two of the four years of your service obligation if your call or order to active duty status is for more than four years;
- Three of the four years of your service obligation if your call or order to active duty status is for more than five years; and
- Your entire four-year service obligation if your call or order to active duty status is for more than six years.

To apply for a proportional military discharge you (or your representative) must submit a written discharge request to your TEACH Grant servicer and must provide the servicer with:

- A written statement from your commanding or personnel officer certifying:
 - You are on active duty in the Armed Forces of the United States;
 - The date on when your service began; and
 - The anticipated date of when your service will end; or
- A copy of your official military orders and a copy of your military identification.

If your service obligation is fully discharged based on total and permanent disability, death, or a call or order to active duty military status for more than six years, your TEACH Grant will not be converted to a Direct Unsubsidized Loan, and neither you nor your family will be required to repay the TEACH Grant funds you received.

If your service obligation is partially discharged based on military service, you are responsible for completing the remaining portion of the service obligation. For example, if you receive a proportional discharge of one year of your service obligation based on a call or order to active duty for more than three years, you would be required to complete three years of qualifying teaching service to satisfy your service obligation.

Conversion to a Direct Unsubsidized Loan

Conditions for Conversion of a TEACH Grant to a Direct Unsubsidized Loan

| IF YOU: | YOUR TEACH GRANT WILL BE CONVERTED TO A DIRECT UNSUBSIDIZED LOAN IF: |
|---|--|
| Complete the academic program for which you received a TEACH Grant | <ul style="list-style-type: none"> ○ You do not confirm to your TEACH Grant servicer at least once each year that you intend to satisfy your service obligation ○ You do not begin or maintain qualifying employment as a teacher within a timeframe that would allow you to complete your required four years of teaching within the maximum eight-year period. For example, if more than four years have elapsed since you completed a program for which you received a TEACH Grant and you have not yet begun qualifying teaching service, your TEACH Grants will be converted to Direct Unsubsidized Loans because you would not be able to complete the required four years of teaching within eight years of completing the program. |
| Cease enrollment at the institution where you received the TEACH Grant before completing the program for which you received the TEACH Grant | <p>Within 120 days after you cease enrollment at the institution where you received the TEACH Grant, you do not confirm to your TEACH Grant servicer that:</p> <ul style="list-style-type: none"> ○ You are employed as a full-time teacher in accordance with the requirements described in your TEACH Grant Agreement to Serve (ATS); or ○ You are not yet employed as a full-time teacher in accordance with the requirements described in your ATS, but you intend to meet the terms and conditions of your TEACH Grant service obligation. <p>You provide the required confirmation within the 120-day period as described above, but within one year after you cease enrollment at the institution where you received the TEACH Grant, you have not:</p> <ul style="list-style-type: none"> ○ Requested and been approved for a suspension of the eight-year period for completing your service obligation; ○ Reenrolled in a program for which you would be eligible to receive a TEACH Grant; or ○ Begun qualifying teaching service as described previously. |

You may also request that your TEACH Grant be converted to a Direct Unsubsidized Loan for any reason (for example, because you have decided that you no longer want to be a teacher, or because you have decided not to teach in a low-income school).

Conversion to a Direct Unsubsidized Loan (continued)

Other Conditions for Converting a TEACH Grant into a Direct Unsubsidized Loan

Requirement to repay TEACH Grant converted to a loan for failure to take action required to satisfy service obligations or to meet other TEACH Grant requirements previously listed, there are other direct impact that could prevent you from completing your TEACH Grant service obligation (other than one of the conditions that would qualify you for a discharge of your obligation) may cause your TEACH Grant to be converted to a Direct Unsubsidized loan. For example, a felony conviction (either in the past or in the future) could prevent you from being employed as a teacher, and you would then be unable to complete your service obligation.

Consequences of Conversion

Terms and Conditions After A TEACH Grant Has Been Converted to a *Direct Unsubsidized Loan

A TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to Direct Unsubsidized Loans under applicable law and regulations, including the terms and conditions described in your TEACH Grant Agreement to Serve (ATS).

- **Requirement to Repay with Interest**

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you will be required to repay the full amount of all TEACH Grant funds you received, with interest charged from the date of each TEACH Grant disbursement.

- **Grace Period**

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you will receive a 6-month grace period that begins on the day after your grant is converted to a loan. During the grace period:

- You are not required to make payments on your loan.
- Interest will continue to accrue.

You must begin making payments on your loan at the end of the six month grace period. Your loan servicer will:

- Notify you of the date your first payment is due, and
- Provide you with a repayment schedule that identifies your payment amounts and due dates.

Once your TEACH Grant is converted to a Direct Unsubsidized Loan, it cannot be reconverted to a grant.

Effect of Conversion to a Loan on Loan Limits

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

National Consumer Reporting Agencies (Credit Bureaus)

A TEACH Grant that is converted to a loan will be reported to one or more national consumer reporting agencies, and will be identified as an education loan.

Interest

Interest

Interest is money paid to the **lender** in exchange for borrowing money. Interest is calculated as a percentage of the unpaid principal amount (loan amount) borrowed.

Interest Rate

The interest rate on Direct Unsubsidized Loans is a fixed rate that is calculated each year and that applies to all Direct Unsubsidized Loans first disbursed during the period beginning on July 1 of one year and ending on June 30 of the following year. The rate that is calculated applies for the life of the loan. The fixed interest rate on a Direct Unsubsidized Loan will vary depending on when the loan was first disbursed, and whether the loan was made to an undergraduate student or to a graduate or professional student. For Direct Unsubsidized Loans made to undergraduate students, the maximum interest rate is 8.25%. For Direct Unsubsidized Loans made to graduate or professional students, the maximum interest rate is 9.5%.

When a TEACH Grant is converted to a Direct Unsubsidized Loan, the fixed interest rate will be the rate that was in effect for Direct Unsubsidized Loans on the date the TEACH Grant was first disbursed.

Example 1: The interest rate on Direct Unsubsidized Loans made to undergraduate students and first disbursed during the period July 1, 2016 through June 30, 2017 is 3.76%. If a TEACH Grant that is first disbursed to an undergraduate student during this period is later converted to a Direct Unsubsidized Loan, the interest rate will be 3.76% for the life of the loan.

Example 2: The interest rate on Direct Unsubsidized Loans made to graduate or professional students and first disbursed during the period July 1, 2016 through June 30, 2017 is 5.31%. If a TEACH Grant that is first disbursed to a graduate or professional student during this period is later converted to a Direct Unsubsidized Loan, the interest rate will be 5.31% for the life of the loan.

For each TEACH Grant you receive, we will notify you of the interest rate that will apply if that TEACH Grant is converted to a Direct Unsubsidized Loan.

If you qualify under the Servicemembers Civil Relief Act, the interest rate on loans you obtained prior to military service may be limited to 6% during your military service. If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, the loan is considered to have been obtained on the date of the first TEACH Grant disbursement. Contact your loan servicer for information about this benefit.

Payment of Interest

Except as explained below under No accrual of interest benefits for active duty service members, interest is charged on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods (starting on the date of the first disbursement of the TEACH Grant), including deferment and forbearance periods.

- At the time your TEACH Grant is converted to a Direct Unsubsidized loan, you will be given the opportunity to pay the interest that accrued. If you do not pay this interest, it will be capitalized (see below) when the loan enters repayment at the end of the 6-month grace period.
- You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the laws and regulations that apply to Direct Unsubsidized Loans. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

Interest (continued)

No accrual of interest benefits for active duty service members

You are not required to pay interest that accrues on any type of Direct Loan first disbursed on or after October 1, 2008 during periods of qualifying active duty military service (for up to 60 months). If you received a TEACH Grant that was later converted to a Direct Unsubsidized Loan, you are eligible for the no accrual of interest benefit on that loan if the TEACH Grant was first disbursed on or after October 1, 2008.

Interest Capitalization

Capitalization is the additional of unpaid interest to the principal balance of a loan. Capitalization increases the principal balance of your loan and interest is then charged on the increased principal balance. This may increase your monthly payment amount and the total amount you repay over the life of your loan.

For example, if you received \$16,000 in TEACH Grant funds for a four-year educational program that you began in September 2013 and completed in June 2017, and your TEACH Grant funds are converted to a Direct Unsubsidized Loan in December 2021 under one of the conditions described in Section C, Item 4 of this Agreement, approximately \$9,347 in interest would have accrued before the Direct Unsubsidized Loan enters repayment (following the 6-month grace period) in June 2022, based on an interest rate of 8.25% (the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students). The chart below shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

| Grant Actions: | If you pay the interest before the loan enters repayment... | If you do not pay the interest and it is capitalized... |
|--|--|--|
| TEACH Grant Amount | \$16,000 | \$16,000 |
| Accrued interest from September 1, 2013 to June 1, 2022 (at 8.25 %, the maximum interest rate for Direct Unsubsidized Loans made to undergraduate students) | \$9,347 (paid before the loan enters repayment) | \$9,347 (capitalized) |
| Principal to be Repaid | \$16,000 | \$25,347 |
| Monthly Payment (Standard Repayment Plan) | \$196 | \$311 |
| Number of Payments | 120 | 120 |
| Total Amount Repaid | \$32,867 | \$37,320 |

In this example, you would pay \$115 less per month and \$4,453 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grant funds that are converted to a Direct Unsubsidized Loan.

You will also be given the opportunity to pay the interest that accrues during deferment, forbearance, or other periods as provided under the Act. If you do not pay this interest, it will be capitalized at the end of the deferment, forbearance, or other period.

You may be able to claim a federal income tax deduction for interest payments you make on Direct Loans. For further information, refer to IRS Publication 970, which is available at <http://www.irs.ustreas.gov>

Payments

You must make payments on your loan even if you do not receive a bill or repayment notice. You must repay all of your Direct Loans under the same repayment plan, unless you want to repay your loans under the Income-Based Repayment Plan (IBR), the Pay As You Earn Plan, or the Income-Contingent Repayment Plan (ICR) and you have other Direct Loans that do not qualify for repayment under those plans. In that case, you may select the IBR, Pay As You Earn, or ICR plan for the loans that are eligible for repayment under those plans, and may select a different repayment plan for the loans that may not be repaid under the IBR, Pay As You Earn, or ICR Plan.

Payment Application

During periods of repayment under any repayment plan other than the Income-Based Repayment Plan or the Pay As You Earn Plan, payments made on a Direct Unsubsidized Loan will be applied in the following order:

1. Late charges and collection costs,
2. Outstanding interest, and
3. Outstanding principal.

During periods of repayment under the Income-Based Repayment Plan or the Pay As You Earn Plan, payments will be applied in the following order:

1. Outstanding interest,
2. Late charges or collection costs, and
3. Outstanding principal.

Prepayment

You may prepay all or any part of the unpaid balance on your loans at any time. There is no penalty if you make loan payments before they are due, or pay more than the amount due each month. Any prepayments that you make will be applied in accordance with applicable laws and regulations. Your loan servicer can provide more information about how prepayments are applied.

Repayment Incentives

A repayment incentive is a benefit that is offered to encourage you to repay your loan on time.

One repayment incentive is the automatic payment withdrawal option. With this option, your loan servicer electronically transfers your monthly loan payment from your checking or savings account to your student loan account. You will receive a 0.25 percent interest rate reduction while you repay under automatic withdrawal option.

Repayment Plans

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you will be able to choose from several repayment plans that are designated to meet your individual needs.

If you do not choose a repayment plan, you will be placed on the Standard Repayment Plan. You may change repayment plans at any time after you have begun repaying your loan.

Standard Repayment Plan

Under this plan, you will:

- Make fixed monthly payments, and
- Repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment.

Your payments must be at least \$50 a month (\$600 a year) and will be more, if necessary, to repay the loan within the required time period.

Graduated Repayment Plan

Under this plan, your payments start out low and gradually increase, usually every two years.

- You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment.
- Your monthly payment must be at least to the amount of interest that accrues each month.
- No single payment will be more than three times greater than any other payment.

Extended Repayment Plan

You are eligible for this repayment plan only if:

- You had no outstanding balance on a Direct Loan as of October 7, 1998 or on the date you obtained a Direct Loan after October 7, 1998, and
- You have an outstanding balance on Direct Loans that is more than \$30,000.

Under this plan, you:

- Will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment.
- May choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time.
- If you make fixed monthly payments, your payments must be at least \$50 a month (\$600 a year).

Repayment Plans (continued)

Revised Pay As You Earn Repayment Plan (REPAYE)

Under the Revised Pay As You Earn Plan, your monthly payment amount is generally equal to 10% of your discretionary income, divided by 12. Discretionary income for the REPAYE plan is the amount by which your adjusted gross income exceeds 150% of the poverty guideline amount for your state of residence and family size. If you are married, your AGI generally includes your spouse's income regardless of how you file your federal income tax return.

While you are repaying under the REPAYE Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Any outstanding balance on your loan will be forgiven if you have not repaid your loan in full after 20 or 25 years.

Pay As You Earn Repayment Plan

Under the Pay As You Earn Plan, your monthly payment amount is generally 10% of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your Pay As You Earn Plan payment amount will be the combined adjusted gross income of you and your spouse. The Pay As You Earn Plan is available only to new borrowers. You are a new borrower for the Pay As You Earn Plan if:

- (1) You had no outstanding balance on a Direct Loan Program or FFEL Program loan as of October 1, 2007, or you have no outstanding balance on a Direct Loan Program or FFEL Program loan when you obtain a new loan on or after October 1, 2007, and
- (2) You receive a disbursement of a Direct Subsidized Loan, Direct Unsubsidized Loan, or student Direct PLUS Loan (a Direct PLUS Loan made to a graduate or professional student) on or after October 1, 2011, or you receive a Direct Consolidation Loan based on an application received on or after October 1, 2011. However, you are not considered to be a new borrower for the Pay As You Earn Plan if the Direct Consolidation Loan you receive repays loans that would make you ineligible under part (1) of this definition.

In addition to being a new borrower, to initially qualify for the Pay As You Earn Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the Pay As You Earn Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your Pay As You Earn Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a "partial financial hardship."

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse's eligible loans.

While you are repaying under the Pay As You Earn Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the Pay As You Earn Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the Pay As You Earn Plan.

Repayment Plans (continued)

Under the Pay As You Earn Plan, if your loan is not repaid in full after you have made the equivalent of 20 years of qualifying monthly payments and at least 20 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Income-Based Repayment Plan (IBR)

Under the IBR Plan, your monthly payment amount is generally 15% (10% if you are a new borrower; see **Note) of your annual discretionary income, divided by 12. Discretionary income for this plan is the difference between your adjusted gross income and 150% of the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your IBR Plan payment amount will be the combined adjusted gross income of you and your spouse.

To initially qualify for the IBR Plan and to continue to make payments that are based on your income, the amount you would be required to pay on your eligible student loans under the IBR Plan (as described above) must be less than the amount you would have to pay under the Standard Repayment Plan. If your IBR Plan payment amount is less than the amount you would have to pay under the Standard Repayment Plan, you are considered to have a “partial financial hardship.”

If you are married and file a joint federal income tax return, the loan amount we use to determine whether you have a partial financial hardship will include your eligible loans and your spouse’s eligible loans.

While you are repaying under the IBR Plan, you must annually provide documentation of your income and certify your family size so that we may determine whether you continue to have a partial financial hardship. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide. If we determine that you no longer have a partial financial hardship, you may remain on the IBR Plan, but your monthly payment will no longer be based on your income. Instead, your monthly payment will be what you would be required to pay under the Standard Repayment Plan, based on the amount you owed on your eligible loans at the time you entered the IBR Plan.

Under the IBR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years (20 years if you are a new borrower) of qualifying monthly payments and at least 25 years (20 years if you are a new borrower) have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

****Note:** You are a new borrower for the IBR Plan if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on July 1, 2014, or if you have no outstanding balance on a Direct Loan Program or FFEL Program loan on the date you obtain a Direct Loan Program loan after July 1, 2014. Your servicer will determine whether you are a new borrower based on the information about your loans in the U.S. Department of Education’s National Student Loan Data System.

Income-Contingent Repayment Plan (ICR)

Under this plan, your monthly payment amount will be either 20% of your discretionary income or a percentage of what you would repay under a Standard Repayment Plan with a 12-year repayment period, whichever is less. Discretionary income for this plan is the difference between your adjusted gross income and the poverty guideline amount for your state of residence and family size. If you are married and file a joint federal income tax return, the income used to determine your ICR Plan payment amount will be the combined adjusted gross income of you and your spouse. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues monthly on your loan unless you request a forbearance.

Repayment Plans (continued)

While you are repaying under the ICR Plan, you must annually provide documentation of your income and certify your family size. Your monthly payment amount may be adjusted annually based on the updated income and family size information that you provide.

Under the ICR Plan, if your loan is not repaid in full after you have made the equivalent of 25 years of qualifying monthly payments and at least 25 years have elapsed, any remaining loan amount will be forgiven. You may have to pay federal income tax on the loan amount that is forgiven.

Alternative Repayment Plan

If the terms and conditions of the above repayment plans are not adequate to meet your exceptional circumstances, your loan servicer may provide you with an alternative repayment plan

Sample Monthly Payments for Direct Loan Program

The tables below provide repayment estimates under the traditional and income-driven repayment plans. These figures are estimates based on an interest rate of 6%, the average Direct Loan interest rate for undergraduate and graduate borrowers. The figures also assume a family size of 1, that you live in the continental U.S., and that your income increases 5% each year. Various factors, including your interest rate, your loan debt, your income, and if and how quickly your income rises, may cause your repayment to differ from the estimates shown in these tables. These figures use the 2015 Poverty Guidelines and Income Percentage Factors.

Table 1. Non-Consolidation, Undergraduate Loan Debt of \$30K in Direct Unsubsidized Loans and Starting Income of \$25K

| Repayment Plan | Initial Payment | Final Payment | Time in Repayment | Total Paid | Loan Forgiveness |
|----------------------------|-----------------|---------------|--------------------|------------|------------------|
| Standard | \$333 | \$333 | 10 years | \$39,967 | N/A |
| Graduated | \$190 | \$571 | 10 years | \$42,636 | N/A |
| Extended-Fixed | Ineligible | - | - | - | - |
| Extended-Graduated | Ineligible | - | - | - | - |
| PAYE & IBR (new borrowers) | \$61 | \$299 | 20 years | \$38,714 | \$27,164 |
| REPAYE | \$61 | \$299 | 20 years | \$38,714 | \$23,672 |
| IBR | \$92 | \$333 | 21 years, 6 months | \$60,441 | \$0 |
| ICR | \$197 | \$255 | 19 years, 2 months | \$51,838 | \$0 |

Table 2. Non-Consolidation, Undergraduate/Graduate Loan Debt of \$60K in Direct Unsubsidized Loans and Starting Income of \$40K

| Repayment Plan | Initial Payment | Final Payment | Repayment Period | Total Paid | Loan Forgiveness |
|----------------------------|-----------------|---------------|---------------------|------------|------------------|
| Standard | \$666 | \$666 | 10 years | \$79,935 | N/A |
| Graduated | \$381 | \$1,143 | 10 years | \$85,272 | N/A |
| Extended-Fixed | \$387 | \$387 | 25 years | \$115,974 | N/A |
| Extended-Graduated | \$300 | \$582 | 25 years | \$126,173 | N/A |
| PAYE & IBR (new borrowers) | \$186 | \$615 | 20 years | \$88,314 | \$41,008 |
| REPAYE | \$186 | \$819 | 24 years, 11 months | \$131,061 | \$0 |
| IBR | \$279 | \$666 | 18 years, 1 month | \$107,385 | \$0 |
| ICR | \$471 | \$586 | 13 years, 8 months | \$89,152 | \$0 |

Debt Management

If your TEACH Grant is converted to a Direct Unsubsidized Loan it will be important to make on-time loan payments. The following tips will help you manage your money so that you can meet your household expenses and continue to make loan payments on-time.

Tip 1: Develop a Budget

Have an accurate picture of your monthly expenses (in addition to your loan payments). You should develop a budget that includes items like rent, car payments, utility bills, food, clothing, insurance, and entertainment, as well as non-monthly and unexpected expenses.

Tip 2: As a Borrower, Know Your Rights and Responsibilities

As a borrower, you have certain rights and responsibilities.

- Apply for a deferment if you are going back to school or meet one of the other eligibility requirements for a deferment. (See the information about deferment and forbearance in this counseling guide.)
- Keep your loan paperwork in a safe place.
- Keep your loan servicer informed of your address, phone number, and other information.
- Contact your loan servicer when you have questions or concerns.

Tip 3: Make the Most of Your Grace Period

If your TEACH Grant is converted to a Direct Unsubsidized Loan, you have a six month grace period and do not have to begin making payments until it ends. You can use your grace period to:

- Get your finances in order.
- Get a head start on repaying your loans. By making some payments during the grace period, you can reduce the interest costs for your loan.

Tip 4: Pay the Interest That Accrues

Pay the interest that accrues on your loan during periods when you are not required to make loan payments (grace, deferment, or forbearance).

- Make your interest payments a budget priority.
- Paying a little more each month can save you many dollars later.

Tip 5: Understand and Limit Credit Card Use

Credit cards are one form of borrowing money, but they often carry a very high interest rate.

- If you decide you need a credit card, it is best to stick with one card with a low limit.
- Pay off your total balance each month. If that is not possible, always pay more than the minimum.
- If you make a payment late (even a day late), you may have to pay a finance charge, and your interest rate may go up.

Deferment and Forbearance

If you think you might have a problem making your monthly loan payment on time, contact your loan servicer immediately to discuss other repayment plan options, eligibility for a deferment, or eligibility for forbearance.

Deferment

A deferment allows you to temporarily postpone making loan payments if you meet certain requirements. You may receive a deferment while you are:

- Enrolled at least half-time at an eligible postsecondary school;
- In a full-time course of study in a graduate fellowship program;
- In an approved full-time rehabilitation program for individuals with disabilities;
- Unemployed (for a maximum of three years; you must be diligently seeking, but unable to find, full-time employment);
- Experiencing an economic hardship (including Peace Corps service), as determined under the laws and regulations that govern the Direct Loan Program (for a maximum of three years); or
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after October 1, 2007, for the 180-day period following the demobilization date for your qualifying service.
- If you are a member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or within six months of having been enrolled at least half-time, you are eligible for a deferment during the 13 months following the conclusion of your active duty service, or until you return to enrolled student status on at least a half-time basis, whichever is earlier.

You may be eligible to receive additional deferments if, at the time you received your first Direct Loan, you had an outstanding balance on a loan made under the Federal Family Education Loan (FFEL) Program before July 1, 1993. Contact your loan servicer for more information.

Except for a deferment based on your at least half-time enrollment at an eligible postsecondary school, you must submit a deferment request form to your loan servicer. In most cases, you must also provide documentation of your eligibility for the deferment.

You may receive a deferment based on your at least half-time enrollment at an eligible school without submitting a deferment request if your loan servicer receives information from the school you are attending that confirms your enrollment status. If your loan servicer grants a deferment based on information received from your school, you will be notified of the deferment and will have the option of cancelling the deferment and continuing to make payments on your loans.

If you are in default on your loan, you are not eligible for a deferment.

Interest is charged on a Direct Unsubsidized Loan during deferment periods except under the “No accrual of interest benefit for active duty service members” explained earlier in this counseling guide. You may pay interest as it accrues, or allow it to be capitalized at the end of the deferment period.

Deferment and Forbearance (continued)

Forbearance

Forbearance is another option for temporarily postponing loan payments, if you do not meet the eligibility requirements for a deferment.

Your loan servicer may give you a forbearance if you are temporarily unable to make your loan payments for reasons including, but not limited to, financial hardship or illness.

In addition, your loan servicer will give you a forbearance if you meet one of the following requirements:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements;
- The total amount you owe each month for all of the student loans you received under Title IV of the Higher Education Act is 20 percent or more of your total monthly gross income (for a maximum of three years);
- You are serving in a national service position for which you receive a national service award under the National and Community Service Trust Act of 1993. In some cases, the interest that accrues on a qualified loan during the service period will be paid by the Corporation for National and Community Service;
- You are performing teaching service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program that is available to certain Direct Loan and FFEL program borrowers;
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense; or
- You are called to active duty in the U.S. Armed Forces.

Generally, you must request a forbearance and, in some cases, submit documentation of your eligibility for a forbearance. However, under certain circumstances you may be given a forbearance without requiring you to submit a request or documentation. These circumstances include, but are not limited to, the following:

- Periods necessary for us to determine your eligibility for a loan discharge;
- A period of up to 60 days in order for us to collect and process documentation related to your request for a deferment, forbearance, change in repayment plan, or consolidation loan (interest that is charged during this period is not capitalized); or
- Periods when you are involved in a military mobilization, or a local or national emergency.

Interest is charged on a Direct Unsubsidized Loan during forbearance periods. You may pay the interest as it accrues, or allow it to be capitalized at the end of the forbearance period.

Remember...

You MUST continue making payments on your student loan until you have been notified that your request for deferment or forbearance has been granted. If you do not continue making payments and your request is not approved, you will become delinquent and may default on your loan.

Default

If you become delinquent in making payments on a Direct Unsubsidized Loan, this could lead to default.

You are considered to be in default on your loan if:

- You do not make installment payments when due, and your failure to make payments has persisted for at least 270 days; or
- You do not comply with other terms of your loan, and it is reasonably concluded that you no longer intend to honor your repayment obligation.

If you default:

- Your default will be reported to nationwide consumer reporting agencies (credit bureaus) and will adversely affect your credit history.
- All outstanding interest may be capitalized into a new principal balance.
- You may be required to immediately repay the entire unpaid amount of your loan.
- You may be sued, have all or part of your federal and state tax refunds and other federal or state payments taken, and/or have your wages garnished so that your employer is required to send us part of your salary to pay off your loan.
- You will be required to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments and other benefits.

Loan Discharge and Forgiveness

Loan Discharge

Your loan will be discharged (forgiven) if:

- The Department determines that you are totally and permanently disabled (as defined in accordance with the laws and regulations that govern the Direct Loan Program), and you meet certain other requirements.
- Your loan servicer receives acceptable documentation of your death; or
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship. Direct Loans are not automatically discharged if you file for bankruptcy.

Other Loan Discharge Conditions

All or portion of a TEACH Grant that was converted to a Direct Unsubsidized Loan may also be discharged under certain other conditions, as explained in your TEACH Grant Agreement to Serve (ATS).

- **Public Service Loan Forgiveness**

Under this program, you may qualify for forgiveness of the remaining balance of your Direct Loans after making 120 qualifying payments on those loans while employed full-time by certain public service employers. For more information about PSLF, visit <https://studentaid.ed.gov/repay-loans/forgiveness-cancellation/charts/public-service>.

- **Teacher Loan Forgiveness**

If you do not meet the requirements of the TEACH Grant Program, and your TEACH Grant is converted to a Direct Unsubsidized Loan, you may qualify to have a portion of your loan balance forgiven if:

- You did not have an outstanding balance on a Direct Loan or FFEL Program loan on Oct. 1, 1998, or on the date you obtained a Direct Loan or FFEL Program loan after Oct. 1, 1998; and
- You teach full-time in a low-income elementary or secondary school or educational service agency for five consecutive years and meet certain other qualifications

For more information about Teacher Loan Forgiveness, visit <https://studentaid.ed.gov/repay-loans/forgiveness-cancellation/charts/teacher>.

Useful Resources

Agreement to Serve Website

For detailed information regarding your TEACH Grant, please visit <https://teach-ats.ed.gov/ats/index.action>.

Repayment Plan Calculators

To access the online repayment calculators for estimates of your monthly payments under the Standard, Graduated, Extended, Income-Based, Pay As You Earn and Income-Contingent repayment plans based on various debt levels upon entering repayment, please visit [StudentAid.gov/repayment-estimator](https://studentaid.gov/repayment-estimator).

For the Income-Based Repayment and Pay As You Earn Plans, use the calculator at the link provided above to evaluate your eligibility and estimate your initial Income-Based Repayment or Pay As You Earn monthly payment amount.

Loan Consolidation

A Direct Consolidation Loan Program is available that allows you to consolidate one or more of your eligible federal education loans into a new loan with a single monthly payment and may allow you to extend the period of time that you have to repay your loans. However, you will pay more interest if you extend your repayment period through consolidation, since you will be making payments for a longer period of time. If your TEACH Grant is converted to a Direct Unsubsidized Loan, it may be consolidated into a Direct Consolidation Loan. Contact your loan servicer for more information about loan consolidation.

NSLDS

The National Student Loan Data System (NSLDS) contains information about all Title IV loans you have received, including TEACH Grants that have been converted to Direct Unsubsidized Loans. To access NSLDS, please visit <http://www.nsls.ed.gov>.

Federal Student Aid Ombudsman

The U.S. Department of Education's Federal Student Aid Ombudsman can help resolve problems related to student loans (including TEACH Grants that have been converted to Direct Unsubsidized Loans) when other approaches have failed. It is important to keep all of your TEACH Grant papers and correspondence for your records. You should contact your TEACH Grant servicer or loan servicer first to try and resolve the problem. If you are unable to resolve the problem on your own, you may contact the FSA Ombudsman for assistance. You can reach the FSA Ombudsman at:

Office of the Ombudsman
United States Department of Education
830 First Street NE
4th Floor UCP-3/MS 5144
Washington, DC 20201-5144
Toll-free phone: (877) 557-2575
Internet Websites: <https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>

TEACH Grant servicer

The Department's TEACH Grant servicer will:

- Periodically communicate with you regarding your TEACH Grant(s) while you are completing your program of study and after you are no longer enrolled;
- Track your progress in meeting the requirements of your TEACH Grant service obligation; and
- Service and collect TEACH Grants that have been converted to a Direct Unsubsidized Loan.

Keeping Your TEACH Grant servicer Informed of Your Status

- It is important to keep your TEACH Grant servicer informed of your current address and other information. Notify your TEACH Grant servicer promptly of any change in your name, address, or telephone number. Also notifying your TEACH Grant servicer if your employer's address or telephone number has changed.
- **Within 120 days** after you complete or otherwise cease to be enrolled in the program for which you received your TEACH Grant, you must notify your TEACH Grant servicer in writing that you:
 - Are employed as a full-time teacher in accordance with the terms and conditions of the TEACH Grant Program; or
 - Are not yet employed as a full-time teacher, but intend to meet the terms and conditions of your service obligation.
- If you completed the program for which you received your TEACH Grant but are not yet employed in a qualifying teaching position, you must notify your TEACH Grant servicer at least **once each year** that you still intend to satisfy your service obligation.
- Once you begin qualifying teaching service, you must provide your TEACH Grant servicer with documentation of your qualifying employment **after each year** of your four years of required teaching.
- A form for documenting your qualifying teaching service will be available from your TEACH Grant servicer. This form must be certified by the chief administrative officer of the school or educational service agency where you taught for the year being certified.

TEACH Grant servicer Address:

FedLoan Servicing
P. O. Box 69184
Harrisburg, PA 17106-9184

TEACH Grant servicer Telephone Numbers:

- 1-800-699-2908
- 1-800-722-8189 (TDD)
- 1-717-720-1985 (International)

TEACH Grant servicer Website:

<http://www.myfedloan.org/TEACH>

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| | GAO 15-314 Teacher Forgiveness | | | | | | |
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| | Item | Responsible | Due/received | Comp | S t a t u s | Attachments (Provide name) | Comments |
| 1.1.1 | It looks like GAO wants additional verification that the program information is on the servicers' websites, correspondence from servicers to borrowers, and in exit counseling. Also, the information you provided was only for the Teacher Loan Forgiveness program. Please also provide information on the TEACH Grant program. | | 1/31/18 | | | NSLDS student site https://www.nslsds.ed.gov Exit Counseling landing page: https://www.nslsds.ed.gov/nslsds/nslsds_SA/public/SaEcWelcome.do | <p>Please Note: The most impactful time to reach a student about TEACH Grants is while they are students and trying to obtain college funding. The TEACH servicer is responsible for tracking the years of "teach" service, of the graduated borrower and isn't responsible for granting the funds. Therefore, there isn't a great deal of Grant awareness information required during the servicing period of the Grant process.</p> <p>Response: For Exit Counseling The address for the NSLDS Student Site is https://www.nslsds.ed.gov There is a clear navigation button to Exit Counseling on the Home page, at the top menu and on the</p> |

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| | | | | | | <p>list of functions below.</p> <p>The direct link to the Exit Counseling landing page is: https://www.nsls.ed.gov/nsls/nsls_SA/public/SaEcWelcome.do</p> <p>Screen shots provided</p> <p><u>CR 3233 TEACH Grant Forgiveness Counter added to all annual certification communications</u></p> <p>Reason (Business Need): FSA is requiring additional information be developed and provided to all FedLoan Servicing TEACH Grant recipients. This additional information would be included on all annual certification request correspondence and will identify the number of servicing years the grant recipient has already completed and have been certified towards their forgiveness.</p> <p>Description (Requirements):</p> <ol style="list-style-type: none"> 1. The servicer shall send additional information on all Annual Certification Request Correspondence identifying the number of Servicing Years the grant recipient has already completed and have been certified towards their forgiveness. 2. Further explanation of the information on how a grant |
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| | | | | | | <p>recipient would qualify for forgiveness (information from their Agreement to Serve [ATS]) should also be included on the communications with links to TEACH Grant educational sites such as studentaid.gov, studentloan.gov and FedLoan's own website is required.)</p> <ol style="list-style-type: none"> 3. FedLoan will add Questions/Answers to their website for TEACH Grant Recipients to explain this additional information on their annual certification communications if applicable. 4. FedLoan will provide additional scripting to their Customer Servicer Representatives so CSR's can accurately answer questions regarding the new information included on the annual certification request communications. <p>STATUS: PHEAA has implemented this CR as of 09/17/15. PHEAA has revised their applicable TEACH Grant Certification request correspondence generated to recipients to include the number of teaching service already completed and the number of service years still needed to fulfil the obligation. They promoted the final communication changes on 12/23/15. PHEAA made the</p> |
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| | | | | | | <p>required system coding changes to support this requirement and adjusted communications.</p> <ul style="list-style-type: none"> • Certification requests now provide further explanation of qualified teaching service and provide links to TEACH Grant Educational sites. • PHEAA has revised their CSR scripting so they can provide answers to questions regarding the service years completed and remaining. <p>COMPLETED.</p> |
| 1.1.1 | <ul style="list-style-type: none"> • Thank you for providing information on TEACH grant exit counseling. You also noted in your 2/15/18 response that, "The most impactful time to reach a student about TEACH Grants is while they are students and trying to obtain college funding." Please provide documentation of efforts to increase awareness of the TEACH grant during that time (i.e. when the students are trying to obtain college funding) or other efforts to target potential TEACH grant participants. For example, webinars, trainings, or additional information provided to financial aid administrators to help increase program | Lisa Meg Cindy | 3/13/2018 | | | |

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| | awareness. | | | | | | |
| 1.1.2 | | | | 6/8/2016 | | GAO 15-314 1.1.2 CR 3263 Revised BBR- Public Service Loan Forgiveness Program Promotion | <p><u>CR 3263 PSLF and TEACH promotion on all initial correspondence</u></p> <p>Both PSLF and TEACH are beneficial program which offer student/borrowers an opportunity to reduce their financial burden. The programs should be more widely publicized to students and borrowers to encourage their consideration of these programs. Consequently, additional information will be included on all initial communications to the borrowers from COD and the servicers, and may be included on any appropriate communications at the servicer's discretion. The additional information will consist of FSA constructed language promoting the Public Service Loan Forgiveness (PSLF) and the Teacher Loan Forgiveness programs.</p> <p>Description (Requirements):</p> <ol style="list-style-type: none"> 1. COD and the servicers shall provide additional information on all initial correspondence promoting the Public Service Loan Forgiveness (PSLF) and Teacher Loan Forgiveness programs. 2. The same language will also be added to each servicer's website. 3. COD will add the same language to the CL on-line Exit Counseling tool at |

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| | | | | | | | studentloans.gov. STATUS: All Servicers have implemented this CR. Last implementation was 11/20/15. |
| 1.1.2 | <ul style="list-style-type: none"> Thank you for providing the change request that servicers include more information on Teacher Loan Forgiveness. Please provide documentation, such as screen shots or a sample of borrower correspondence, to demonstrate the information Servicers are providing. | Lisa | 3-13-2018 | | | | |
| 1.1.2 | <ul style="list-style-type: none"> Has Education taken any steps to raise awareness of the Perkins teacher loan cancelation program? | Lisa Meg Cindy | 3-13-2018 | | | | |
| 1.2.1 | Please provide copies for the forms when they are been cleared through the agency and are finalized. | Cindy | 1/31/18 | 2/2/2018 | | | The forms are just entering clearance. I do not have an anticipated completion date. I have asked to receive them when they are cleared...but if we can put a Sept 2018 date on this one it would be a reminder. |
| 1.2.2 | Action Description: After completing our analysis, we will use the results to identify and implement or propose programmatic or policy initiatives to increase the percentage of grant recipients who successfully complete the service obligation. | John K | 6/30/17 | 5/4/17 | C | Closing Document: 1.2.2 final | RESPONSE: The analysis referenced in our Action Description provided insight into potential operational roadblocks faced by Grant participants; specifically difficulty in successfully certifying and re-certifying for the program. |

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| | | | | | | <ul style="list-style-type: none"> • Among survey respondents who converted a TEACH Grant to a loan, 44% reported that failing to certify annually was an influential factor in their conversion. This factor was the most frequently cited factor in converting a grant to a loan. <p>For those TEACH Grant recipients who identified the failure to certify as a factor for converting, the most frequently cited reason was not knowing the process for annual certification or forgetting about annual certification (38 percent of the TEACH Grant converters indicated that they did not know the process for annual certification, and 20 percent indicated that they forgot about the annual certification).</p> <p>To address certification issues, FSA will replace the existing single certification form (which attempts</p> |
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| | | | | | | <p>to cover all certification requirements for both completers and non-completers) with three separate certification forms: one for the initial 120-day certification requirement; one for non-completers to cover the required 1-year certification; and one for completers to cover the annual certification requirement. Our program observations/reviews have shown that the current single certification form is too complicated and confusing because it attempts to capture very different requirements for different populations.</p> <p>To simplify the process for recipients, three separate certification forms have been drafted to capture the following conditions:</p> <ul style="list-style-type: none"> •Initial Certification – this is the “120-day” certification that is sent to all TEACH Grant recipients (both completers and non-completers) •A “Subsequent” certification for grant |
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| | | | | | | | <p>recipients who did not complete the program for which they received a TEACH Grant</p> <ul style="list-style-type: none"> •An “Annual” certification for grant recipients who completed the program for which they received a TEACH Grant. <p>Once these forms have cleared a review and clearance process, including OPE, OGC, and OMB; a communications plan will be implemented to all interested parties to ensure that the change is well documented and that there is sufficient guidance in place.</p> |
| 1.3.1 | This is 3 years old (CR 2875 dated 11/3/14). To close we proposed a copy of the CR and a copy of the borrower communications, which we provided. However they are asking for documentation about the assessment itself. Please provide if possible. | DJ | 12/7/2017 | 12/28/17 | | GAO 15-314 1.3.1 Scope statement for cleanup 6-20-2016_ DJ.12-8-2017 | <p>The issue was discovered by Denise Leifeste and Chad Keller when ACS was the TEACH Grant Servicer; ACS was asked stop converting grants incorrectly, but a clean-up was not initiated. GAO audit (#131283 dated 2014) on the TEACH program, identified a need to clean up the previous erroneously converted grants. It is important to remember that this program has no provision for re-establishing a Grant.</p> <p>The attached scope statement defines the project that corrected the issue.</p> |
| 1.3.1 | <ul style="list-style-type: none"> • On January 3rd, you provided the TEACH Grant | Lisa DJ | 3-13-2018 | | | | |

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| | <p>Project Scope Statement. The last item is not marked as completed, "Complete final conversions (which require removal of TEACH loans from consolidation and financial transactions to be reversed) of last phase of TEACH Grant disputes. Currently, there are 183 borrowers with 322 sequences to be converted/rebuilt." Please provide evidence that this step was completed.</p> | | | | | | |
| 1.3.1 | <ul style="list-style-type: none"> Additionally, the project scope statement lists the following reasons for improper conversion: <ol style="list-style-type: none"> Converted within 1 year of Graduation from the school to which the TEACH Grant was received. Converted in advance of separation from the school for which the TEACH Grant was received. Converted within 120 days of their withdrawal from the school for which the TEACH Grant was received. Converted within 120 days of their original withdraw date for withdrawn recipients who had another TEACH Grant disbursed to a different school (assumed same Program of Study for comparable grade levels). <ul style="list-style-type: none"> In our report, FedLoan provided us with information on other errors that also contributed to the 2,252 erroneous conversions: the recipient not given 30 days from final notification to certify, the recipient did not understand | Lisa DJ | 3-13-2018 | | | | |

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| | grant terms, the recipient was not given 45 days from first notification to certify, and the grant converted to loan before certification was due. Please clarify the extent to which these errors were also identified in the clean-up operations. | | | | | | |
| 1.4.2 | This is a 2 years old (CR 3231 dated 5/14/15). Example of borrower communications for all Grant to Loan Conversion accounts; screen shot of website Q& A providing dispute information, and URL. | DJ | 12/7/2017 | 12/28/17 | | https://myfedloan.org/pdf/TEACH-faqs.pdf Screen Shoot: Correspondence: GAO 15-314 1.4.2 borrower letter FS07BTCHLN (3) | This language was required by CR 3231 – Borrower’s Bill of Rights. Website and website screenshot for dispute information and correspondence with dispute language. Screen shot: provided Correspondence attached. Language from correspondence included here: |
| 1.4.2 | | | | 9/29/2015 | | GAO 15-314 1.4.2 CR3231BBR TEACH grant to loan dispute notification GAO 15-314 TEACH conversion letter | I think these two documents should close out the audit One is the CR which asked for change in communication The other is the improved letter (4 th paragraph from the bottom) |
| 1.4.2 | <ul style="list-style-type: none"> On January 3rd, you provided a link and a screen shot to the TEACH grant FAQ on FedLoan’s website. The information on the website does not include the additional information provided to TEACH Grants in their correspondence when the grant converts to a | | | | | | |

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| | <p>loan (see below). Please provide documentation of the updated information on FedLoan's website:</p> <p>Website:</p> <p>"My grants were converted to student loans. How can I change them back to grants?"</p> <p>As explained in your Agreement to Serve, a TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be changed back to a grant.</p> <p>If you believe that your grants were converted to loans in error, please contact us."</p> <p>Correspondence:</p> | | | | | | |
| | <p>If you have additional questions or believe you should be able to have your loan changed back to a TEACH Grant, but you are unable to do so, please contact us at TEACH@myfedloan.org or myfedloan.org/TEACH for more information.</p> <p>Personal difficulties and extenuating circumstances are not considered valid reasons to request a review. Unfortunately, we cannot help you manage your student loans if you are unable to pay them.</p> | | | | | | |
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Appendix 3

**TEACH GRANT CERTIFICATION****Teacher Education Assistance for College and Higher Education (TEACH) Grant Program****SECTION 1: TEACH GRANT RECIPIENT IDENTIFICATION** Please enter or correct the following information.

SSN - - Name
Address City State ZIP
Telephone - Primary E-mail: Optional
Telephone - Alternate

SECTION 2: TEACH GRANT RECIPIENT'S UNDERSTANDINGS AND CERTIFICATIONS

Before completing this section, carefully read the entire form, including the instructions, definitions, terms and conditions, and important notices in Sections 4, 5, and 6.

I understand that:

- ☐ I must fulfill a teaching service obligation (service obligation) for each academic program for which I received a TEACH Grant, as stated in the Agreement to Serve (Agreement) that I signed before receiving each TEACH Grant. If I do not fulfill my service obligation, all TEACH Grant funds that I received will be converted to Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans) that I must repay to the U.S. Department of Education (the Department), with interest charged from the date of each TEACH Grant disbursement.
- ☐ To fulfill my service obligation, I must teach full time for a total of at least four academic years within eight years after I complete or otherwise cease to be enrolled in the program for which I received TEACH Grant funds. My teaching service must meet the requirements specified in Section 6 and in my Agreement.
- ☐ After completing each of the four academic years of required teaching service, I must provide my TEACH Grant servicer with documentation of my teaching service by providing the information requested in Item A below and obtaining a certification in Section 3 of this form from the Chief Administrative Officer for the school or educational service agency where I taught.
- ☐ If I am not teaching, I must certify my intent to satisfy my teaching service obligation by checking the box in Item B below and signing the form. (If you did not complete your TEACH Grant program of study, see Section 6.)

I certify that:

- (A) ☐ I taught full time for one complete academic year, as certified in Section 3 (If you check this box for this reason you must complete items 1, 2 and 3 below, and sign the form. Your Chief Administrative Officer must complete Section 3.) **Or**

I am currently performing qualifying teaching service, but have not yet taught for a complete academic year (If you check this box for this reason you must complete items 1, 2 and 3 below, and sign the form. If you did not complete the program for which you received your TEACH grants, your Chief Administrative Officer must complete Section 3 and indicate that you have not taught a complete academic year using the check box provided.)

- (1) I am teaching or have taught full time as a highly-qualified teacher at a/an (check only **one** box):

☐ Low-income elementary or secondary school ☐ Low-income educational service agency ☐ Elementary or secondary school operated by the Bureau of Indian Education (BIE) or operated on an Indian reservation by an Indian tribal group under contract with the BIE.

- (2) During the year of teaching listed below and as certified in Section 3, more than half of the classes I am teaching or have taught were in one or more of the following high-need fields (**check all that apply**):

☐ Mathematics ☐ Science ☐ Foreign Language ☐ Bilingual Education ☐ English Language Acquisition
☐ Special Education ☐ Reading Specialist
☐ Other high-need field (see Section 5; list the other high-need field and grade level taught): _____

- (3) I am teaching or have taught at:

Name of School (Not School District) or Educational Service Agency at which I am teaching

School Web Address

Address of School or Educational Service Agency (Street, City, State, ZIP)

- (B) ☐ I am not teaching, but I intend to satisfy my TEACH Grant service obligation. (If you check this box you only need to sign below)

- (C) ☐ I did not complete my TEACH Grant-eligible program of study and am not teaching, but I have reenrolled in another eligible program of study, as defined in Section 5. (If you check this box, sign the form and have an authorized official complete Section 3 to confirm your enrollment in an eligible program. In addition, you may contact us to request a suspension of the eight-year period for completing your service obligation.)

- (D) The information I provided in Sections 1 and 2 is true and correct.

- (E) I have read and understand the definitions in Section 5 and the terms and conditions in Section 6.

- (F) My teaching service met the requirements specified in Section 6.

TEACH Grant Recipient's Signature

Today's Date (mm-dd-yyyy)

Recipient Name: _____

Recipient SSN: _____

SECTION 3: CHIEF ADMINISTRATIVE OFFICER or AUTHORIZED OFFICIAL'S CERTIFICATION

Before completing this section, carefully read the instructions, definitions, and terms and conditions in Sections 4, 5, and 6. If recipient is teaching, complete as Chief Administrative Officer. Return the completed form to the grant recipient identified in Section 1. If the recipient is enrolled in a TEACH Grant eligible program of study, complete as Authorized Official.

Chief Administrative Officer only: I certify that the grant recipient identified in Section 1 taught during the academic year as a full-time highly-qualified teacher (as defined in Section 5) from _____ (mm-dd-yyyy) to _____ (mm-dd-yyyy) at the eligible low-income elementary school, secondary school or educational service agency identified by the grant recipient in Section 2, and that during this year the grant recipient taught more than half of his or her classes in the high-need field(s) identified by the grant recipient in Section 2.

☐ Check here if certifying teaching service for less than a complete academic year.

Authorized Official only: I certify that the grant recipient identified in Section 1 is/was enrolled at _____ (Name of Institution) in an eligible program, as defined in Section 5 during the academic period from _____ (mm-dd-yyyy) to _____ (mm-dd-yyyy).

Chief Administrative Officer/Authorized Official's Name and Title (Printed) _____

Telephone _____

Chief Administrative Officer/Authorized Official's Signature _____

Today's Date (mm-dd-yyyy) _____

SECTION 4: GENERAL INFORMATION AND INSTRUCTIONS

- Type or print using dark ink. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2013 = 01-31-2013.
- If you are certifying teaching service, the Chief Administrative Officer for the school or educational service agency where you performed your qualifying teaching service must complete Section 3. If you taught at more than one school or educational service agency during the same academic year, you may complete one certification form for each school or educational service agency at which you taught if one school or educational service agency cannot certify your complete academic year of teaching.
- If you are certifying enrollment in an eligible program of study, an Authorized Official for the school at which you are/were enrolled in the eligible program of study must complete Section 3.
- Return the completed form and any attached pages to the address shown in Section 7.

SECTION 5: DEFINITIONS

- An **academic year** or its equivalent is one complete elementary or secondary school year, or two complete and consecutive half-years from different school years (excluding summer sessions) that generally fall within a 12-month period. If a school or educational service agency has a year-round program of instruction, a minimum of nine months is considered to be the equivalent of an academic year.
- An **authorized official** who may complete Section 3 is an official of the school at which you are/were enrolled in a TEACH Grant-eligible program.
- The **Chief Administrative Officer** for a school or educational service agency is the individual who has access to the employment records which establish that the grant recipient's teaching service met the requirements of the TEACH Grant Program, as explained in Section 6, and who is authorized to verify the grant recipient's qualifying teaching service. The Chief Administrative Officer may vary depending on the teacher's employer, and could include (but is not limited to) the principal or assistant principal of the school where the grant recipient taught, the superintendent, assistant superintendent, or human resources director for a school district or educational service agency, or the chief executive officer of an educational services agency.
- An **eligible program of study** is one that is TEACH Grant-eligible and is designed to prepare an individual to teach as a highly-qualified teacher in a high-need field and leads to a baccalaureate or master's degree, or is a post-baccalaureate program of study. A two-year program of study that is acceptable for full credit toward a baccalaureate degree is considered to be a program of study that leads to a baccalaureate degree. An eligible program of study is also a program of study that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools.
- A **high-need field** includes the following: (1) bilingual education and English language acquisition; (2) foreign language; (3) mathematics; (4) reading specialist; (5) science; (6) special education; and (7) any other field listed in the U.S. Department of Education's (the Department's) annual [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#).
 - **Bilingual education** is an educational program in which two languages are used to provide content matter instruction. **English language acquisition** is the process of acquiring English as a second language.
 - **Special education** means specially designed instruction, at no cost to parents, to meet the unique needs of a child with a disability, including instruction conducted in the classroom, in the home, in hospitals and institutions, and in other settings; and instruction in physical education, i.e., physical therapy. A **child with a disability** is a child who needs special education and related services because the child has mental retardation, a hearing impairment (including deafness), a speech or language impairment, a visual impairment (including blindness), a serious emotional disturbance, an orthopedic impairment, autism, a traumatic brain injury, another health impairment, or a specific learning disability. For a child age 3 through 9, the term a child with a disability may, at the discretion of the state and the local educational agency, include a child who needs special education and related services because the child is experiencing developmental delays, as defined by the state and as measured by appropriate diagnostic instruments and procedures, in one or more of the following areas: physical development, cognitive development, communication development, social or emotional development, or adaptive development.
- A **post-baccalaureate program of study** is a program of instruction for individuals who have completed a baccalaureate degree that, (1) does not lead to a graduate degree; (2) consists of courses required by a State in order for a student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State, except that it does not include any program of instruction offered by a TEACH Grant-eligible institution that offers a baccalaureate degree in education; and (3) is treated as an undergraduate program of study for the purposes of title IV of the Higher Education Act.
- A **school or educational service agency serving low-income students (low-income school or low-income educational service agency)** is an elementary or secondary school or educational service agency that: (1) is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; (2) has been determined by the Department to be a school in which more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act; and (3) is listed in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#). All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools. If the school or educational service agency where you teach meets the low-income requirements during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or educational service agency will still qualify for purposes of satisfying my TEACH Grant service obligation.
 - An **educational service agency** is a regional public multiservice agency authorized by State statute to develop, manage, and provide services or programs to local educational agencies, as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.
 - An **elementary school** is a nonprofit institutional day or residential school, including a public elementary charter school, that provides elementary education as defined under State law.
 - A **secondary school** is a nonprofit institutional day or residential school, including a public secondary charter school, that provides secondary

education, as determined under State law, except that the term does not include any education beyond grade 12.

- The **Teacher Education Assistance for College and Higher Education (TEACH) Grant Program** provides funds to students who are completing or who plan to complete coursework that is required to begin a career in teaching.
- A **teacher** is a person who provides direct classroom teaching or classroom-type teaching in a non-classroom setting, including special education teachers and reading specialists. School librarians, guidance counselors, and other administrative staff are not considered teachers for the purposes of fulfilling the TEACH Grant service obligation.
 - A **full-time teacher** is a teacher who meets the standard used by a State in defining full-time employment as a teacher. For an individual teaching at more than one school or educational service agency, the determination of full-time is based on the combination of all qualifying employment.
 - The **highly-qualified teacher** requirements are specified in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or, for special education teachers, in section 602(10) of the Individuals with Disabilities Act.

SECTION 6: TEACH GRANT PROGRAM TERMS AND CONDITIONS

- For each academic program for which you receive TEACH Grant funds, you must complete a service obligation by teaching full time for a total of at least four academic years:
 - As a **highly-qualified teacher** (see Section 5);
 - At a **school or educational service agency serving low-income students** (see Section 5); and
 - In a **high-need field** (see Section 5) in more than half of the classes that you teach during each academic year.
- You must complete the required four years of teaching within eight years after you complete or otherwise cease to be enrolled in the program for which you received the TEACH Grant.
- After completing each year of your required four years of teaching service, you must complete and submit this TEACH Grant Certification to the Department.
- If you received a TEACH Grant but do not complete the required four years of teaching service within eight years of completing (or otherwise ceasing to be enrolled in) the program for which you received a TEACH Grant, all TEACH Grant funds you received will be converted to Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans) that you must repay in full to the Department, with interest charged from the date of each TEACH Grant disbursement you received.
- If you received a TEACH Grant but did not complete your program of study, within 120 days of ceasing enrollment you must certify that you are employed as a full-time teacher in accordance with the terms and conditions listed in your Agreement to Serve, or that you are not yet employed as a full-time teacher, but you intend to meet the terms and conditions of your service obligation. If you do not meet one of these requirements, your TEACH Grant will be converted to a Direct Unsubsidized Loan.
- If you received a TEACH Grant but did not complete your program of study, within one year of ceasing enrollment you must re-enroll in a TEACH Grant eligible program, begin creditable teaching service or be determined eligible for a suspension of your eight-year obligation period. If you do not meet one of these requirements, your TEACH Grant will be converted to a Direct Unsubsidized Loan.
- If you complete the academic program for which you received a TEACH Grant, you must actively confirm at least once each year that you intend to satisfy your service obligation. If you do not actively confirm your intention, your TEACH Grant will be converted to a Direct Unsubsidized Loan.
- You must maintain qualifying employment within a timeframe that allows you to complete your service obligation within the allotted eight-year period.
- For complete terms and conditions of the TEACH Grant Program, see the TEACH Grant Agreement to Serve (Agreement) that you were required to sign before you received a TEACH Grant.

SECTION 7: WHERE TO SEND THE COMPLETED CERTIFICATION FORM

Return the completed form and any attachments to:

U.S. Department of Education
FedLoanServicing
P.O. Box 69184
Harrisburg, PA 17106-9184
or Fax to: 717-720-1628

If you need help completing this form, call:

1-800-699-2908
International: 717-720-1985
TDD: 1-800-722-8189