

AGREEMENT TO SERVE OR REPAY

[VARIABLE FIELD] AWARD YEAR

Teacher Education Assistance for College and Higher Education Grant Program

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.

IMPORTANT: READ THIS INFORMATION BEFORE YOU BEGIN

This is an Agreement to Serve or Repay (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.

The term “grant” usually refers to money that does not have to be repaid. However, a TEACH Grant is different from other types of grants, because under certain conditions it can be changed to a loan that you must repay. As a condition for receiving a TEACH Grant, you must agree to complete a teaching service obligation. If you do not complete your teaching service obligation, the TEACH Grants you received will be converted to loans that you must repay in full, with interest. For this reason, it is very important that you fully understand the terms and conditions of the TEACH Grant service obligation before you accept a TEACH Grant.

To receive a TEACH Grant, you must agree to—

- Serve as a full-time teacher for four elementary or secondary school years at a school or educational service agency that serves low-income students;
- Meet all state certification requirements for teaching in the state where you teach;
- Teach in a high-need field; and
- Complete the required four years of teaching within eight years after you graduate from or otherwise cease to be enrolled at the institution of higher education where you received your TEACH Grants.

Before you sign and submit this Agreement, make sure that you carefully read the entire Agreement so that you fully understand all of the terms and conditions of the teaching service obligation you are promising to complete in exchange for receiving a TEACH Grant.

By signing this 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. If you do not meet the terms and conditions of your TEACH Grant service obligation, all TEACH Grants you received will be converted to Direct Unsubsidized Loans that you must repay in full to the U.S.

Department of Education, with interest charged from the date that each TEACH Grant you received was disbursed (paid out).

TERMS USED IN THIS AGREEMENT

We use the following terms throughout this Agreement:

- The words “we,” “us,” “our,” or “the Department” refer to the U.S. Department of Education.
- “TEACH Grant servicer” is the contractor that works for us to communicate with you regarding your TEACH Grant service obligation, monitor your progress toward completing your service obligation, process requests for temporary suspensions of your service obligation period, and handle other administrative matters related to your service obligation.
- A “loan servicer” is a contractor that works for us to handle billing and other communications related to federal student loans that we hold. If your TEACH Grant is converted to a Direct Unsubsidized Loan, your loan will be assigned to one of our loan servicers. Your loan servicer may not be the same as your TEACH Grant servicer.
- “Institution” means the institution of higher education where you received a TEACH Grant.
- “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 at the elementary school, secondary school, or educational service agency where you complete your required teaching service.

SECTION A:
TEACH GRANT RECIPIENT INFORMATION

1. Driver’s License State and Number
2. Social Security Number
3. Email 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 and who will be able to help us contact you in the future if we are unable to reach you. The first reference should be a parent or legal guardian.

Reference 1

Name (First Name, Middle Initial, Last Name)

Permanent Address (Street, City, State, Zip Code)

Email Address (optional)

Area Code/Telephone Number

Relationship to You

Reference 2

Name (First Name, Middle Initial, Last Name)

Permanent Address (Street, City, State, Zip Code)

Email Address (optional)

Area Code/Telephone Number

Relationship to You

**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 Grants you receive for the **[VARIABLE FIELD]** award year (July 1, **[VARIABLE FIELD]** through June 30, **[VARIABLE FIELD]**):

1. GENERAL INFORMATION

Overview of the TEACH Grant service obligation

For each program of study (bachelor's degree program, post-baccalaureate program, or master's degree program) for which you receive TEACH Grants, you must complete a service

obligation by teaching full time for a total of at least four school years within eight years after you complete or otherwise cease to be enrolled at the institution where you receive the TEACH Grant. Under certain conditions that are explained later in this Agreement, you may qualify to have the 8-year period for completing your service obligation temporarily suspended.

To be considered a full-time teacher, you must meet the standard used by the state where you teach in defining full-time employment as a teacher.

You must meet all state certification requirements for teaching in the state where you teach (this may include meeting the requirements through certification obtained through alternate routes to teaching), and must teach:

- At a **low-income school or educational service agency**, as defined below in Item 2; **and**
- In a **high-need field**, as defined below in Item 2, in more than half of the classes that you teach during each school year.

If you do not complete the TEACH Grant service obligation associated with a program of study for which you received TEACH Grants, all of the TEACH Grants you received for that program will be converted to Direct Unsubsidized Loans that you must repay in full, with interest charged from the date that each TEACH Grant was disbursed (paid out).

Your right to cancel a TEACH Grant

After the institution you are attending has disbursed TEACH Grant funds to you, you may cancel all or part of the TEACH Grant by notifying the institution that you want to cancel the grant within 14 days after the later of—

- The date the institution notifies you of your right to cancel all or part of the TEACH Grant, or
- The first day of the payment period (the institution can tell you the first day of the payment period).

If you notify the institution that you 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 you notify the institution that you 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 us, but is not required to do so. If the institution declines to return the funds, you may request that we convert your TEACH Grant to a Direct Unsubsidized Loan that you can then repay. You might want to do this if you have decided (while you are still enrolled at the institution where you received your TEACH Grant) that you no longer intend to satisfy your service obligation because you no longer plan to become a teacher or for any other reason. By asking us to convert your TEACH Grants to loans and then starting to

repay them immediately, you can avoid additional interest that would accrue if you waited for the grants to be converted to loans in the future. This can save you a lot of money in interest costs.

Any TEACH Grant funds that the institution returns to us based on your request will not be converted to a Direct Unsubsidized Loan

2. DEFINITIONS

Low-income school or educational service agency (low-income school)

A low-income school or educational service agency is an elementary or secondary school (public or private) or an educational service agency that is listed in the Department's Teacher Cancellation Low-Income Directory (TCLI Directory) at [Teacher Cancellation Low Income \(TCLI\) Directory | Federal Student Aid](#). In this Agreement, we use the term "low-income school" to refer collectively to elementary schools, secondary schools, and educational service agencies that are listed in the TCLI Directory.

All elementary schools, secondary schools, and educational service agencies operated by the Bureau of Indian Education (BIE) in the U.S. Department of the Interior or operated on Indian Reservations by Indian Tribal groups under contract or grant with the BIE qualify as low-income schools, even if they are not listed in the TCLI Directory. A list of these schools is available in the BIE Directory at <https://bie.edu/Schools/index.htm>.

State education agencies report qualifying elementary schools, secondary schools, and educational service agencies to the Department each year to be included in the TCLI Directory. To qualify for inclusion in the TCLI Directory, an elementary school, secondary school, or educational service agency must—

- Be 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
- Have been determined by the Department to be a school or educational service agency in which more than 30% 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.

Schools and educational service agencies are listed in the TCLI Directory by school year. In some cases, a school or educational service agency that meets the eligibility requirements to be included in the TCLI Directory for a particular school year may no longer qualify for inclusion in the TCLI Directory for a subsequent school year.

If the school or educational service agency where you teach is listed in the TCLI Directory for all or a part of one of your required four school years of teaching, but it no longer qualifies to be listed in the TCLI Directory for your subsequent years of teaching at that school or educational

service agency, your subsequent years of teaching at that school or educational service agency will still qualify for purposes of satisfying your TEACH Grant service obligation, as shown in the example below.

Example 1:

You complete one year of qualifying teaching service at School A during the 2024-25 school year. School A is listed in the TCLI Directory for the 2024-25 school year. You continue to teach at School A during the 2025-26 school year. However, beginning with that school year School A no longer qualifies as a low-income school and is not listed in the TCLI Directory. Your teaching at School A during the 2025-26 school year (and any subsequent years of teaching at School A) will still count toward satisfaction of your TEACH Grant service obligation.

Elementary school

An elementary school is a public or nonprofit private school, including a public elementary charter school, that provides elementary education as determined under state law.

Secondary school

A secondary school is a public or nonprofit private school, including a public secondary charter school, that provides secondary education as determined under state law. However, the term “secondary school” does not include any education beyond grade 12.

Educational service agency

An educational service agency is a regional, public multiservice agency (not a private organization) authorized by state law to develop, manage, and provide services or programs to local educational agencies (such as public school districts).

High-need fields

High-need fields are:

- Mathematics;
- Science, including, but not limited to, computer science;
- Foreign language;
- Bilingual education;
- English language acquisition;
- Special education; or
- Reading specialist.

In addition to the subjects listed above, high-need fields also include any other field listed as high-need in the Teacher Shortage Area Nationwide Listing (Nationwide List) at <https://tsa.ed.gov/#/home/> that is issued annually by the Department.

The Nationwide List includes fields that have been documented as high-need by the federal government, a state government, or a local educational agency. These high-need fields may be subject areas, geographic areas (such as a specific county within a state), or specific grade levels (for example, elementary school grades) where it has been determined that there is a need for teachers. To satisfy your service obligation by teaching in a high-need field listed in the Nationwide List, that field must be listed in the Nationwide List for the state in which you are teaching:

- At the time you begin teaching in that field, even if that field is later removed from the Nationwide List; or
- At the time you signed your Agreement or received your TEACH Grant, even if that field is no longer designated as high-need when you begin teaching.

Examples 2 and 3 below show how you can satisfy the service obligation by teaching in a high-need field listed in the Nationwide List.

Example 2:

You begin teaching to satisfy your service obligation during the 2024-25 school year. You are employed as an elementary school teacher in a state where elementary education is designated in the Nationwide List as a high-need field for the 2024-25 school year. Beginning with the 2025-26 school year, elementary education is no longer designated as a high-need field for the state where you are teaching. You can still satisfy your service obligation by serving as an elementary school teacher in that state, because elementary education was designated as high need at the time you began teaching in that field.

Example 3:

At the time you received a TEACH Grant, history was designated as a high-need field in the Nationwide List for the state where you later begin teaching to satisfy your service obligation, but when you begin teaching history is no longer designated as high-need. You can still satisfy your service obligation by teaching history because history was designated as high-need at the time you received a TEACH Grant.

3. NUMBER OF SERVICE OBLIGATIONS YOU MUST COMPLETE

As shown in Example 4 below, you must complete one 4-year service obligation for all TEACH Grants you receive for undergraduate study, and one 4-year service obligation for all TEACH Grants you receive for graduate study.

Example 4:

You receive TEACH Grants for a bachelor's degree program and later receive additional TEACH Grants for a master's degree program. You will have separate 4-year service obligations for each program. However, you may be able to apply the same teaching service to satisfy some or all of both service obligations, as explained later in this Agreement.

4. PERIOD FOR COMPLETING YOUR SERVICE OBLIGATION

You must complete each 4-year service obligation within an 8-year period that begins on the date you cease to be enrolled at the institution where you received your TEACH Grants. If you receive a TEACH Grant at one institution and then transfer to a different institution and enroll in another program of study at the same academic level (undergraduate or graduate) for which you are eligible to receive a TEACH Grant, the 8-year period begins when you cease to be enrolled at the other institution.

Under certain conditions that are explained later in this Agreement, we may temporarily suspend the 8-year period for completing your service obligation.

Withdrawal and re-enrollment

- If you withdraw from an institution before completing an undergraduate program of study for which you received TEACH Grants, the 8-year period for completing your service obligation will begin. If you later re-enroll at the same institution or at a different institution in either the same undergraduate program or in a different undergraduate program for which you would be eligible to receive a TEACH Grant before your TEACH Grants are converted to Direct Unsubsidized Loans, we will adjust the starting date of your service obligation period to begin when you cease to be enrolled at the institution where you have re-enrolled, except in the circumstance explained below.
- If you withdraw from an institution before completing a graduate program of study for which you received TEACH Grants, the 8-year period for completing your service obligation will begin. If you later re-enroll at the same institution or at a different institution in either the same graduate program or in a different graduate program for which you would be eligible to receive a TEACH Grant before your TEACH Grants are converted to Direct Unsubsidized Loans, we will adjust the starting date of your service obligation period to begin when you cease to be enrolled at the institution where you have re-enrolled, except in the circumstance explained below.

Exception: If you withdraw from an institution and later re-enroll as described above, and during the period between your withdrawal and re-enrollment you complete one or more years of qualifying teaching service toward satisfaction of your service obligation, we do not adjust the starting date of the 8-year period for completing the service obligation unless you ask us to do

so. If you don't ask us to adjust the starting date, the teaching service that you completed counts toward satisfaction of your service obligation. However, if you ask us to adjust the starting date of your 8-year service obligation to begin when you cease enrollment at the institution where you re-enrolled, you will lose credit for any otherwise qualifying years of teaching service that you completed during the period between your withdrawal and re-enrollment, and you will have to complete four additional years of qualifying teaching to satisfy your service obligation.

If you continue to perform qualifying teaching service after re-enrolling, you may receive credit for any complete school years of qualifying teaching service that you perform while concurrently enrolled in the program for which you would be eligible to receive TEACH Grants, but only if you do not request and receive a temporary suspension of the 8-year service obligation period based on your re-enrollment. You cannot receive credit for any teaching service performed while the service obligation period is suspended.

Examples 5 through 8 below illustrate various withdrawal and re-enrollment scenarios.

Example 5:

You receive TEACH Grants for a bachelor's degree program at Institution A, but you withdraw from Institution A in January 2025 before completing the program. The 8-year period for beginning your service obligation begins in January 2025. In September 2025 you re-enroll at Institution A in the same bachelor's degree program. You complete the program and graduate in June 2026. The starting date of your 8-year service obligation period is adjusted to begin in June 2026.

Example 6:

You receive TEACH Grants for a master's degree program at Institution A, but you withdraw from Institution A in June 2025 before completing the program. The 8-year period for completing your service obligation begins in June 2025.

You complete two years of qualifying teaching service during the 2025-26 and 2026-27 school years, then you leave your teaching position and re-enroll at Institution A in the same master's degree program in September 2027. You request and receive a one-year temporary suspension of the 8-year period for completing your service obligation based on your re-enrollment in a program of study for which you would be eligible to receive a TEACH Grant. You complete the master's degree program and graduate from Institution A in June 2028.

There is no change to the June 2025 starting date of your 8-year service obligation period. Because you received a one-year suspension of that period, after graduating in June 2028 you now have six years left to complete two more school years of qualifying teaching to satisfy your service obligation.

Example 7:

The scenario is the same as in Example 6, except that after you re-enroll at Institution A, you ask us to adjust the starting date of your service obligation period to begin when you cease enrollment at Institution A. Your 8-year service obligation period will now begin in June 2028, when you graduate from Institution A, and you will have eight years from that date to complete four years of qualifying teaching service. You do not receive any credit for the two years of teaching that you completed during the 2025-26 and 2026-27 school years.

Example 8:

You receive TEACH Grants for a master's degree program at Institution A, but you withdraw from Institution A in June 2024 before completing the program. The 8-year period for completing your service obligation begins in June 2024.

You complete one year of qualifying teaching service during the 2024-25 school year, then you re-enroll in the same master's degree program at Institution A in September 2025. After re-enrolling, you continue to perform qualifying teaching service and complete an additional year of teaching for the 2025-26 school year. You do not receive a temporary suspension of the 8-year period for completing your service obligation based on your re-enrollment in a program of study for which you would be eligible to receive a TEACH Grant. You complete the master's degree program and graduate from Institution A in June 2026.

There is no change to the June 2024 starting date of your 8-year service obligation period. After graduating in June 2026, you now have six years left to complete two more school years of qualifying teaching to satisfy your service obligation.

If you were to request and receive a temporary suspension of the period for completing the service obligation during your enrollment at Institution A from September 2025 to June 2026, you would not receive credit for the one year of teaching you completed during the 2025-26 school year while you were concurrently completing the master's degree program. In that case, after graduating in June 2026 you would have seven years left to complete three more years of qualifying teaching to satisfy your service obligation.

5. USING THE SAME TEACHING SERVICE TO SATISFY MORE THAN ONE SERVICE OBLIGATION

If you receive a TEACH Grant for one program of study and later receive a TEACH Grant for a second program, any qualifying teaching service that you perform before completion of the second program can only satisfy your service obligation for the first program. However, if you receive TEACH Grants for enrollment in a second program before completing your service obligation for an earlier program, qualifying teaching service that you perform following the

completion of the second program may be applied toward your service obligations for both programs. Examples 9 through 12 below show how teaching service can be applied to more than one service obligation.

Example 9:

You complete a bachelor's degree program for which you received a TEACH Grant. You then immediately enroll in a master's degree program for which you receive a TEACH Grant, before you begin teaching to satisfy your service obligation for the bachelor's degree program. You request and receive a suspension of the 8-year period for completing your service obligation for the bachelor's degree program while you are enrolled in the master's degree program. After completing the master's degree program, you must complete four years of qualifying teaching service that will fulfill your service obligations for both programs.

Example 10:

You complete a bachelor's degree 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 master's degree program for which you receive a TEACH Grant. You request and receive a suspension of the 8-year period for completing your service obligation for the bachelor's degree program while you are enrolled in the master's degree program. After completing the master's degree program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the master's degree program and will concurrently fulfill the remaining three years of your service obligation for the bachelor's degree program.

Example 11:

You complete a bachelor's degree 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 master's degree program for which you receive a TEACH Grant. You are enrolled in the master's degree program for two years, and during that period you continue to teach full time. After completing the master's degree program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the master's degree program and will concurrently fulfill the final year of your 4-year service obligation for the bachelor's degree program. The two years of qualifying teaching service that you perform while enrolled in the master's degree program may only be applied to your service obligation for the bachelor's degree program.

Example 12:

You complete a bachelor's degree program for which you received a TEACH Grant and then fully satisfy your 4-year service obligation for that program. You later enroll in a master's degree program for which you receive a TEACH Grant. After completing the master's degree program, you must complete another four years of qualifying service to fulfill your service obligation for that program. No portion of the qualifying service that you completed for the bachelor's degree program may be applied to your service obligation for the master's degree program.

6. DOCUMENTING YOUR SERVICE OBLIGATION

After you have completed each one of your four required school years of full-time teaching service, you must provide your TEACH Grant servicer with documentation of that service on a form that you can obtain 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, and must confirm that for the school year specified on the form:

- You met all state certification requirements for teaching (which may include meeting the requirements through certification obtained through alternate routes to teaching);
- You taught in a low-income school; and
- More than half of the classes that you taught during the school year being certified were in a high-need field.

7. COMPLETING LESS THAN A FULL SCHOOL YEAR OF TEACHING

Under certain conditions, you may receive credit for a complete school year of qualifying teaching service even if you did not teach for the full school year. If you do not complete a full school year of qualifying teaching service, the partial year of teaching will be counted as one of your four required years of teaching service only if—

- You completed at least one-half of the school year;
- Your employer considers you to have fulfilled your contract requirements for the school year for purposes of salary increases, tenure, and retirement; **and**
- You were unable to complete the full school year of teaching because—
 - You had a condition that is a qualifying reason for leave under the Family and Medical Leave Act (FMLA) (29 U.S.C. 2601 *et seq.*) as listed in 29 CFR 825.112 (see <https://dol.gov/agencies/whd/fmla> for more information);
 - You were called or ordered to Federal or State active duty, or Active Service 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). The reserve components of the Armed Forces are 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; or

- You were residing in or were employed in a federally declared major disaster area as defined in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (43 U.S.C. 5122(2)).

Example 13 shows how less than a full year of teaching can be counted as one of your four required complete school years of teaching.

Example 13:

You perform qualifying teaching service for the first half of a school year and then go on maternity leave (a condition that is a qualifying reason for leave under the FMLA) for the remainder of the school year. Your employer considers you to have fulfilled your contract requirements for a full school year for purposes of salary increases, tenure, and retirement. The half year of teaching that you completed counts as one of your required four school years of teaching.

8. TEACHING AT MORE THAN ONE LOW-INCOME SCHOOL DURING THE SAME SCHOOL YEAR

If you teach at more than one elementary school, secondary school, or educational service agency during the same school year, that year of teaching will count as one of your required four school years of teaching service if—

- Each school or educational service agency where you taught is a low-income school;
- You provide your TEACH Grant servicer with a certification from one or more of the chief administrative officers of the schools or educational service agencies involved that the combined teaching is the equivalent of one school year of full-time employment; and
- More than half of the classes that you taught were in one or more high-need fields.

9. TEMPORARY SUSPENSION OF THE PERIOD FOR COMPLETING YOUR SERVICE OBLIGATION

Suspension conditions

If you are temporarily unable to teach for certain reasons, you can request a temporary suspension of the 8-year period for completing your service obligation.

You may request a suspension if you are temporarily unable to teach because—

- You are enrolled in a program of study for which you would be eligible to receive a TEACH Grant, or you are enrolled in a 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 (**qualifying program suspension**);

- You are receiving state-required instruction or otherwise fulfilling requirements for licensure to teach in a state’s elementary or secondary schools (**state-required instruction suspension**);
- You have a condition that is a qualifying reason for leave under the FMLA (**FMLA suspension**);
- You are called or ordered to Federal or State active duty, or Active Service 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) (**military service suspension**);
- You are the spouse of a military service member, and your spouse has received military orders for a deployment with a military unit or as an individual in support of a military operation for a period of not less than 180 days, or has received military orders for a change of permanent duty station from a location in the continental United States to a location outside the continental United States, or from a location in a state to any location outside of that state (**military spouse suspension**); or
- You reside in or are employed in a federally declared major disaster area as defined in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)) (**disaster area suspension**).

On a case-by-case basis, we may also temporarily suspend the 8-year period for completing your service obligation if we determine that you were unable to complete a full school year of teaching or were unable to begin the next school year of teaching due to exceptional circumstances significantly affecting the operation of the low-income school where you were employed or your ability to teach.

The conditions listed above are the only conditions under which you may receive a temporary suspension of the 8-year period for completing your service obligation.

Maximum suspension period

If you qualify for a suspension of the 8-year period for completing your service obligation, you may receive a suspension for periods of one year at a time. However, there are limits on the maximum period of time that you can receive a suspension of your service obligation period for the various qualifying suspension conditions, as shown in the table below.

| Suspension Types | Maximum Suspension Period |
|-------------------------------|---------------------------|
| Qualifying program suspension | 3 years |

| | |
|---------------------------------------|---|
| State-required instruction suspension | (combined limit for all 3 suspension types) |
| FMLA suspension | |
| Military service suspension | 3 years |
| Military spouse suspension | 3 years |
| Disaster area suspension | 3 years |

Requesting a suspension

To receive a suspension, you must submit a suspension request to your TEACH Grant servicer on a form that you can obtain from your servicer. You must request a suspension before your TEACH Grants have been converted to Direct Unsubsidized Loans. For military service or disaster area suspensions, your personal representative may request the suspension on your behalf if you are unable to do so.

If your request for a suspension is approved, the period of the suspension does not count toward the 8-year period for completing your service obligation.

Example 14 shows how a suspension affects your 8-year service obligation period. Example 15 illustrates maximum suspension limits.

Example 14:

You complete the program of study for which you received a TEACH Grant and graduate in June 2024. The 8-year period for completing your four years of teaching begins at that time. You complete one year of qualifying teaching during the 2024-25 school year, but then develop a health condition that prevents you from teaching during the 2025-26 school year. This is a qualifying reason for leave under the FMLA, so you request and receive a 1-year suspension covering the 2025-26 school year.

You are able to resume qualifying teaching service at the beginning of the 2026-27 school year. Although two years have elapsed since the start of your 8-year service obligation period, the 1-year suspension period does not count toward the eight years. Therefore, you have seven years left to complete the remaining three years of your service obligation when you resume teaching for the 2026-27 school year.

Example 15:

You request and receive two separate 1-year suspensions based on your enrollment in a qualifying program of study, and a 1-year suspension based on a condition that is a qualifying reason for leave under the FMLA. You have not received suspensions for any other reasons.

You are not eligible for any further periods of suspension due to enrollment in a qualifying program of study, receiving state-required instruction or otherwise fulfilling requirements for licensure to teach in a state's elementary or secondary schools, or having a condition that is a qualifying reason for leave under the FMLA, because you have used your maximum three years of suspension based on those conditions. However, you would still be eligible to receive suspensions based on the other qualifying suspension conditions as described above.

10. REQUIREMENT TO REPAY FOR FAILURE TO COMPLETE THE SERVICE OBLIGATION

Any TEACH Grant that you received will be converted to a Direct Unsubsidized Loan that you must repay in full to the Department (with interest charged from the date of each TEACH Grant disbursement) if—

- You ask us to convert your TEACH Grant to a loan because you have decided not to teach, or you have decided not to teach in a low-income school or in a high-need field, or for any other reason; or
- You do not begin or do not maintain qualifying teaching within a timeframe that would allow you to complete your required four years of teaching within the 8-year service obligation period.

Approximately 90 days before your TEACH Grants would be converted to Direct Unsubsidized Loans because you have not begun or maintained qualifying teaching service within a timeframe that would allow you to complete your required four years of teaching within the 8-year service obligation period, your TEACH Grant servicer will notify you of the date by which you must provide documentation showing that you are satisfying your service obligation to avoid having your grants converted to loans.

IMPORTANT: If your TEACH Grants are converted to a Direct Unsubsidized Loan, you will be charged interest going back to the date of each disbursement of your TEACH Grants. If you receive a TEACH Grant, but later decide (for any reason) that you no longer intend to satisfy your service obligation, you can avoid further accrual of interest by asking us to convert your TEACH Grants to loans that you can start repaying immediately, instead of waiting for your grants to be converted because you no longer have enough time to complete your service obligation within the 8-year service obligation period. This can save you a lot of money in interest costs.

If your TEACH Grants are converted to a Direct Unsubsidized Loan, you will be required to complete a loan conversion counseling session that we provide. Loan conversion counseling will provide you with important information about the terms and conditions of your Direct Unsubsidized Loan that was converted from a TEACH Grant.

Example 16 shows how a TEACH Grant will be converted to a loan if you run out of time to complete your 4-year service obligation within the 8-year service obligation period.

Example 16:

More than six years have elapsed since the start of your 8-year service obligation period, but you have completed only one year of qualifying teaching service, and you have not requested or received any temporary suspensions of the service obligation period. Your TEACH Grants will be converted to Direct Unsubsidized Loans, because you now have fewer than three years left in the service obligation period to complete your required three additional years of teaching.

11. RECONVERSION OF A DIRECT UNSUBSIDIZED LOAN TO A TEACH GRANT

If you previously asked us to convert a TEACH Grant that you received to a Direct Unsubsidized Loan (because you decided not to teach, or you decided not to teach in a low-income school or in a high-need field, or for any other reason), we will change the loan back to a TEACH Grant if—

- Excluding any approved periods of suspension (see Item 9 of this Agreement), you still have enough time to complete your required four school years of qualifying teaching within eight years from the date you ceased enrollment at the institution where you received your TEACH Grant or, if you received a TEACH Grant at one institution and subsequently transferred to another institution and enrolled in another TEACH Grant-eligible program, within eight years from the date you ceased enrollment at the other institution; or
- If you would not have enough time to complete your service obligation within the eight-year service obligation period described above unless you qualify for a temporary suspension of the period for completing the service obligation, you request and are determined to be eligible for a suspension, which may be applied retroactively.

If a TEACH Grant that you received was converted to a Direct Unsubsidized Loan for any other reason, we will change the loan back to a grant if we determine, based on documentation that you provide or based on information in our records, that you were satisfying the TEACH Grant service obligation or that your TEACH Grant was converted to a Direct Unsubsidized Loan in error.

If your TEACH Grant was converted to a Direct Unsubsidized Loan even though you were satisfying the TEACH Grant service obligation, or if you believe that your TEACH Grant was converted to a Direct Unsubsidized Loan in error, you must contact your TEACH Grant servicer to request reconsideration of the conversion. Your TEACH Grant servicer may require you to provide documentation to support your request to have your loan changed back to a TEACH Grant.

If you request reconsideration of the conversion of your TEACH Grant to a Direct Unsubsidized Loan and you show to our satisfaction that your TEACH Grant was converted to a loan in error, we will:

- Change your Direct Unsubsidized Loan back to a TEACH Grant;
- Apply any full school years of qualifying teaching service that you completed either before or during the period when your TEACH Grant was incorrectly in loan status toward satisfaction of your 4-year service obligation requirement;
- Provide you with an additional period of time, equal to eight years minus the number of full school years of teaching that you completed before the reconversion of your loan to a TEACH Grant, including any years of qualifying teaching you completed during the period when your TEACH Grant was incorrectly in loan status, to complete the remaining portion of your service obligation (see Example 17 below);
- Ensure that you receive credit for any payments that were made on the Direct Unsubsidized Loan that has been changed back to a TEACH Grant;
- Notify you that your Direct Unsubsidized Loan has been changed back to a TEACH Grant and that you are once again responsible for meeting all requirements of your service obligation as explained in this Agreement; and
- Request the removal of any unfavorable information that we reported to consumer reporting agencies (credit bureaus) related to the Direct Unsubsidized Loan that has been changed back to a TEACH Grant and send you a statement confirming that the TEACH Grant was converted to a Direct Unsubsidized Loan in error that you may provide to creditors until your credit history has been corrected.

Example 17 shows how you will be provided with an additional period of time to complete your service obligation if we determine that your TEACH Grant was converted to a Direct Unsubsidized Loan in error and change the loan back to a TEACH Grant.

Example 17:

You complete the program of study for which you received a TEACH Grant and enter the 8-year service obligation period. You begin qualifying teaching service in year 5 of the 8-year service obligation without having received any prior suspensions of the period for completing the service obligation. Therefore, you have only four years remaining to complete the required four years of teaching.

You complete two years of qualifying teaching during years 5 and 6 of the 8-year service obligation period. At the beginning of year 7, your TEACH Grant is converted to a loan in error and remains incorrectly in loan status for three years. During the period when your

TEACH Grant is incorrectly in loan status, you complete one additional year of qualifying teaching service.

After your TEACH Grant that was converted to a Direct Unsubsidized Loan in error is changed back to a TEACH Grant, the three years of qualifying teaching that you completed (this includes the year of teaching you completed during the period when your grant was incorrectly in loan status) are subtracted from eight years, giving you an additional five years after the loan has been changed back to a TEACH Grant to complete the remaining one year of your 4-year service obligation.

If you request reconsideration of the conversion of your TEACH Grant to a Direct Unsubsidized but do not show to our satisfaction that your TEACH Grant was converted to a loan in error, we will—

- Notify you that your loan cannot be changed back to a TEACH Grant;
- Explain the reason(s) why your loan cannot be changed back to a TEACH Grant; and
- Explain how you may contact our Federal Student Aid Ombudsman if you continue to believe that your TEACH Grant was converted to a loan in error.

12. ANNUAL NOTICE

Throughout your service obligation period, your TEACH Grant servicer will send you a notice at least once each year that—

- Explains the terms and conditions you must meet to satisfy your service obligation;
- Reminds you of the requirement to submit a certification of your qualifying teaching service after you have completed each year of teaching;
- Tells you the number of years of your service obligation that you have completed and the timeframe within which you must complete the remaining portion of your required 4-year service obligation;
- Explains the conditions under which you may request a temporary suspension of the period for completing your service obligation;
- Explains the conditions under which your TEACH Grants will be converted to Direct Unsubsidized Loans;
- Tells you the potential total amount of interest you would have to pay if your TEACH Grants are converted to loans;
- Explains the process by which you may contact us to request reconsideration of the conversion of your TEACH Grants to loans, provides the deadline by which you must

submit the request for reconsideration, and lists the specific documentation you must provide for us to reconsider the conversion; and

- Explains that if you have decided not to teach in a qualified school or field or for any other reason no longer intend to satisfy your service obligation, you can avoid further interest accrual by requesting that we convert your TEACH Grants to Direct Unsubsidized Loans that you can begin repaying immediately.

13. TERMS AND CONDITIONS THAT APPLY AFTER A TEACH GRANT HAS BEEN CONVERTED TO A DIRECT UNSUBSIDIZED LOAN

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

If you received a TEACH Grant for an undergraduate program of study and it is converted to a Direct Unsubsidized Loan, the interest rate on the loan will be the interest rate for Direct Unsubsidized Loans that were disbursed to undergraduate students during the same period that your TEACH Grant was disbursed.

If you received a TEACH Grant for a graduate program of study and it is converted to a Direct Unsubsidized Loan, the interest rate on the loan will be the interest rate for Direct Unsubsidized Loans that were disbursed to graduate students during the same period that your TEACH Grant was disbursed.

If a TEACH Grant is converted to a Direct Unsubsidized Loan, you will receive a 6-month grace period that begins on the day after the grant is converted to a loan. You are not required to make payments on the Direct Unsubsidized Loan during this 6-month grace period, but interest will continue to accrue. During the grace period you will be given the opportunity to pay all of the interest that has accrued. If you do not pay the accrued interest, the amount you must repay will be equal to the total amount of all TEACH Grants you received that were converted to Direct Unsubsidized Loans, plus the total amount of interest that has accrued since the date of each TEACH Grant disbursement.

The repayment period on the loan begins on the day after the 6-month grace period ends. Your loan will be assigned to a loan servicer, and your loan servicer will tell you when your first loan payment is due.

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 (credit bureaus) as explained later in this Agreement.

14. DISCHARGE OF A TEACH GRANT SERVICE OBLIGATION

General information

Under certain conditions that are explained below, we will discharge all or a portion of your TEACH Grant service obligation. This means that you will no longer be required to complete all or a portion of your service obligation, and your TEACH Grants will not be converted to Direct Unsubsidized Loans.

Discharge due to death or total and permanent disability

If you die, we will discharge your TEACH Grant service obligation if a family member contacts your TEACH Grant servicer and provides acceptable documentation of your death.

We will also fully discharge your TEACH Grant service obligation if we determine that you are totally and permanently disabled (as defined in our regulations). Generally, to request a discharge based on your total and permanent disability you must complete an application and provide documentation showing that you qualify for the discharge. Your TEACH Grant servicer can tell you how to obtain this application.

We also work with the Department of Veterans Affairs (VA) and the Social Security Administration (SSA) to identify TEACH Grant recipients who meet our requirements for total and permanent disability discharge based on a qualifying VA or SSA disability determination. We'll send you a letter if information we receive from one of these agencies tells us that you qualify for discharge. Your TEACH Grant service obligation will then be automatically discharged unless you tell us that you do not want to receive the discharge.

Discharge due to extended active duty military service

We will grant a proportional discharge of your service obligation if you have received the maximum 3-year suspension based on military service as described earlier in this Agreement, and you are 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, the Coast Guard, a reserve component of the Armed Forces named in 10 U.S.C. 10101, or the National Guard. In such cases, we will grant a proportional discharge of your service obligation as follows:

- A discharge of one year of your 4-year service obligation if the call or order to active duty status is for more than three years;
- A discharge of two years of your 4-year service obligation if the call or order to active duty status is for more than four years;
- A discharge of three years of your 4-year service obligation if the call or order to active duty is for more than five years; or

- A total discharge of your 4-year service obligation if the call or order to active duty status is for more than six years.

Example 18 illustrates the proportional military service discharge.

Example 18:

You request and receive three separate one-year suspensions of the period for completing your service obligation due to your qualifying active duty military service. You have not yet completed any qualifying teaching service. You are then subject to an extended call to active duty for one additional year. You have used up your maximum three years of eligibility for suspension based on military service, but you may request and receive a discharge of one year of your service obligation based on your extended call to active duty for a period of more than three years. You must now complete only three years of qualifying teaching service to satisfy your service obligation.

To apply for a discharge based on military service, you or your personal representative must submit a discharge request to your TEACH Grant servicer on a form that is available from the servicer.

SECTION D:

TERMS AND CONDITIONS AND BORROWER'S RIGHTS AND RESPONSIBILITIES STATEMENT FOR DIRECT UNSUBSIDIZED LOANS

GENERAL INFORMATION ABOUT SECTION D OF THE AGREEMENT

This section of the Agreement provides important information about the terms and conditions of Direct Unsubsidized Loans that were previously TEACH Grants, and your rights and responsibilities with respect to those loans.

Throughout this section of the Agreement, the terms "Direct Unsubsidized Loan" or "loan" refer to a Direct Unsubsidized Loan that was previously a TEACH Grant.

"The Department" refers to the U.S. Department of Education.

The words "we," "us," and "our" refer to the Department.

1. LAWS THAT APPLY TO DIRECT UNSUBSIDIZED LOANS AND OTHER LEGAL INFORMATION

The terms and conditions of Direct Unsubsidized Loans are determined by the Higher Education Act of 1965, as amended (the HEA), and other federal laws and regulations. We refer to these laws and regulations as "the Act" throughout this section of the Agreement. Under applicable state law (unless federal law preempts a state law), you may have certain borrower rights, remedies, and defenses in addition to those stated in this Agreement.

Any notice we are required to send to you related to a Direct Unsubsidized Loan will be effective if it is sent by first class mail to the most recent address that we have for you, emailed to an email address you have provided, or sent by any other method of notification that is permitted or required by the Act. You must immediately notify your loan servicer of a change in your contact information or status.

If we do not enforce a term of this Agreement, that does not waive any of our rights to enforce that term or any other term in the future. No term of your loan may be modified or waived, unless we do so in writing. If any term of your loan is determined to be unenforceable, the remaining terms remain in force.

NOTE: Amendments to the Act may change the terms of this Agreement. Any amendment to the Act that changes the terms of this Agreement will be applied to your loan in accordance with the effective date of the amendment. Depending on the effective date of the amendment, amendments to the Act may modify or remove a benefit that existed at the time you signed this Agreement.

2. THE WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

A Direct Unsubsidized Loan (formally known as a Federal Direct Unsubsidized Stafford/Ford Loan) is a type of loan made under the Direct Loan Program (formally known as the William D. Ford Federal Direct Loan Program). Loans made under the Direct Loan Program are called “Direct Loans.”

Direct Loans are made by the Department. We contract with 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, we will provide you with information about how to contact your servicer. It is important to keep in contact with your servicer.

If we transfer one or all of your loans to a new servicer, we will notify you of who your new servicer is, how to contact your new servicer, and when your loans will be transferred. A transfer of the servicing of your loan does not affect any of your rights and responsibilities under that loan. You can find the name of your servicer at [Who's My Student Loan Servicer? | Federal Student Aid](#).

3. EFFECT OF THE CONVERSION OF A TEACH GRANT TO A DIRECT UNSUBSIDIZED LOAN ON ANNUAL AND AGGREGATE LOAN LIMITS

Direct Loans have annual loan limits (the maximum amounts you may borrow for a single academic year) and aggregate loan limits (the maximum amounts you may borrow in total for undergraduate and graduate study). However, a Direct Unsubsidized Loan that was previously a TEACH Grant does 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.

4. INFORMATION YOU MUST REPORT TO US

You must notify your servicer if any of the following events occur at any time after a TEACH Grant 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 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).

5. INTEREST RATE

The interest rate on a Direct Unsubsidized Loan is a fixed rate (meaning that the rate will never change) that is determined according to a formula specified in the Act, and is calculated each year. When the rate is calculated, it applies to all Direct Unsubsidized Loans that have a first disbursement date during the period beginning on July 1 of one year and ending on June 30 of the following year. If you received more than one TEACH Grant that was converted to a Direct Unsubsidized Loan, each loan may have a different interest rate, depending on when your TEACH Grant was first disbursed and whether you were an undergraduate student or a graduate or professional student when you received the TEACH Grant.

The interest rate for a Direct Unsubsidized Loan cannot be more than the maximum rate that is set by the Act. 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%. We will notify you of the interest rate for each Direct Unsubsidized Loan that was previously a TEACH Grant.

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.

Servicemembers Civil Relief Act

If you are in military service, you may qualify for a lower interest rate on your loans.

Under the Servicemembers Civil Relief Act, the interest rate on loans you received before you began your 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 received on the date of the first TEACH Grant disbursement. We will determine if you are eligible for this benefit based on information from the U.S. Department of Defense. If you are eligible and have qualifying loans with an interest rate greater than 6%, we will automatically reduce the interest rate on those loans to 6% during your military service. If you think you qualify for the 6% interest rate but have not received it, contact your servicer.

Interest rate reduction for automatic withdrawal of payments

You will receive a 0.25% reduction in the interest rate on your loan if you choose to repay the loan under the automatic withdrawal option. Under the automatic withdrawal option, we automatically deduct your monthly loan payment from your checking or savings account. In addition to lowering your interest rate, automatic withdrawal ensures that your payments are made on time. We will provide you with information about the automatic withdrawal option.

6. PERIODS WHEN WE CHARGE INTEREST

In general, we charge interest on Direct Unsubsidized Loans during all periods, as explained below. If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, we also charge interest from the date of each TEACH Grant disbursement.

We **charge interest** on a Direct Unsubsidized Loan—

- While you are enrolled in school at least half-time;
- During your grace period;
- During most periods when you are repaying your loans;
- During most deferment periods; and
- During forbearance periods.

We **do not charge** interest on a Direct Unsubsidized Loan—

- During some periods of repayment under the SAVE Plan;
- During periods of active duty military service that qualify you for the no accrual of interest benefit for active duty service members (see below); and
- During periods of deferment for cancer treatment (see Item 13 in this section of the Agreement).

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 while you are on qualifying active military duty in an area of hostilities where your service qualifies you for special pay (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

The term “interest capitalization” refers to the addition of unpaid interest that has accrued on a loan to the loan’s principal balance. Capitalization increases the principal amount you owe on the loan and the total amount of interest you will pay. We capitalize unpaid interest on Direct Loans only under the following conditions:

- If you do not pay the interest as it accrues on a Direct Unsubsidized Loan during a period of deferment (see Item 13 in this section of the Agreement), we will capitalize the interest at the end of the deferment period.
- If you are repaying your loans under the Income-Based Repayment (IBR) Plan (see Item 9 in this section of the Agreement), we will capitalize any unpaid interest that has accrued if your monthly payment is recalculated so that it is no longer based on your income, or if you leave the IBR Plan.

We will give you the opportunity to pay the interest that accrues during the periods described above before it is capitalized. These are the only circumstances when we capitalize unpaid interest on Direct Loans. During all other periods when we charge interest on Direct Unsubsidized Loans (as described earlier in this section), interest will continue to accrue, and you are responsible for paying the interest, but it will not be capitalized.

Federal income tax deduction for student loan interest payments

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 <https://irs.gov/publications/p970>.

7. LATE CHARGES AND OTHER FEES

If you do not make any part of a payment within 30 days after it is due, we may require you to pay a late charge. This charge will not be more than 6% of each late payment. We may also require you to pay other charges and fees involved in collecting your loan.

8. GRACE PERIOD

If a TEACH Grant that you received is converted to a Direct Unsubsidized Loan, you will receive a 6-month grace period on repayment beginning on the day after the grant is converted to a loan. You do not have to begin making payments on your loan until after your grace period ends.

9. REPAYING YOUR LOAN

The repayment period for a Direct Unsubsidized Loan that was previously a TEACH Grant begins on the day after your grace period ends. We will notify you of the date your first payment is due.

You must make payments on your loan even if you do not receive a bill or repayment notice.

You must repay the principal amount of your loan, plus any interest charged on the loan in accordance with the Act. Under this Agreement, the principal amount that you owe, and are required to repay, is the sum of all TEACH Grants you receive that are converted to Direct Unsubsidized Loans, plus any unpaid accrued interest.

You must generally repay all of your Direct Loans under the same repayment plan.

There are two types of repayment plans: **fixed payment repayment plans** and **income-driven repayment plans**. We will ask you to choose a repayment plan before your loans enter repayment. If you do not choose a repayment plan, we will place you on the Standard Repayment Plan, which may require you to make a higher monthly payment than other repayment plans. Brief descriptions of the available repayment plans are provided below. For more detailed information about the Direct Loan repayment plans, visit [Repayment Plans | Federal Student Aid](#) or contact your loan servicer.

If you choose a repayment plan that reduces your monthly payment amount by extending the period of time you have to repay your loans or by basing your payment on your income, you will likely pay more in interest over time than you would pay on another repayment plan.

Fixed payment repayment plans

Under a fixed payment repayment plan, your required monthly payment amount is based on the loan amount that you owe, the interest rate on your loans, and the length of the repayment period.

There are three fixed payment repayment plans:

- **Standard Repayment Plan.** Under the Standard Repayment 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 the Graduated Repayment Plan, you will 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 scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment will be more than three times greater than any other payment.
- **Extended Repayment Plan.** You are eligible for the Extended Repayment Plan only if **(1)** you have an outstanding balance on Direct Loans that exceeds \$30,000, and **(2)** you did

not have an outstanding balance on a Direct Loan as of October 7, 1998 or on the date you obtained a Direct Loan on or after October 7, 1998.

Under the Extended Repayment 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 and will be more, if necessary, to repay the loan within the required time period. If you make graduated payments, your scheduled monthly payment must at least be equal to the amount of interest that accrues each month. No single scheduled payment under the graduated option will be more than three times greater than any other payment.

INCOME DRIVEN REPAYMENT (IDR) PLANS

Under an IDR plan, your required monthly payment amount is based on your income and family size, instead of being based on your loan debt, interest rate, and repayment period, as under a fixed payment repayment plan. Changes in your income or family size will result in changes to your monthly payment amount.

If you choose an income-driven plan, you must either authorize us to obtain tax information from the Internal Revenue Service showing your income and family size, or provide other documentation of your income and family size. We use this information to calculate your initial IDR plan monthly payment amount and to recalculate your payment each year based on any changes in your income and family size.

Your required monthly payment amount under an IDR plan is generally a percentage of your annual discretionary income, divided by 12. Your annual discretionary income is the amount of your adjusted gross income that exceeds a specified percentage of the federal poverty guideline amount for your family size and state of residence. This percentage varies depending on the plan. If you are married and file a joint federal income tax return with your spouse, your monthly payment is generally based on the combined income of you and your spouse.

Under an IDR plan, any remaining loan balance will be forgiven after you have satisfied a certain number of qualifying monthly payments or the equivalent over a specified number of years. Depending on the plan and other factors, you generally qualify for forgiveness of any remaining loan balance after you have satisfied either 240 qualifying monthly payments or the equivalent over a period of at least 20 years, or 300 qualifying monthly payments or the equivalent over a period of at least 25 years. You may have to pay federal income tax on the loan amount that is forgiven.

Two IDR plans are available to most Direct Unsubsidized Loan borrowers:

- **Saving on a Valuable Education Repayment Plan (SAVE Plan).** Under the SAVE Plan, your monthly payment amount is a percentage of your discretionary income that may

vary depending on when you enter repayment under the plan and other factors, but it will never be more than 10% of your discretionary income.

- **Income-Based Repayment Plan (IBR Plan).** Under the IBR Plan, your monthly payment amount is generally 15% of your discretionary income, but it will never be more than the Standard Repayment Plan amount.

To initially qualify for the IBR Plan, the monthly amount you would be required to pay under this plan, based on your income and family size, must be less than the amount you would have to pay under the Standard Repayment Plan.

Additional repayment plan information

Additional IDR plans for some borrowers

Two additional IDR plans, the Pay As You Earn Repayment Plan (PAYE Plan) and the Income-Contingent Repayment Plan (ICR Plan), may be available if you previously received Direct Loans and began repaying those loans under the PAYE Plan or the ICR Plan. Your loan servicer can tell you whether you qualify for one of these plans and provide more information about the plans. You can also find information about the PAYE and ICR plans at [Repayment Plans | Federal Student Aid](#).

Alternative repayment plan option

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

Adjustments to the number or amount of payments

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. We may also adjust payment dates on your loans or may grant you a forbearance (see Item 13 in this section) to eliminate a past delinquency that remains even though you are making your scheduled monthly payments.

Loan simulator

You can use the Loan Simulator at <https://studentaid.gov/loan-simulator> to evaluate your eligibility for the PAYE and IBR plans and to estimate your monthly and total payment amounts under all of the repayment plans. The Loan Simulator is for informational purposes only. We will make the official determination of your eligibility and payment amount.

Changing repayment plans

Generally, you may change from your current repayment plan to any other repayment plan you qualify for at any time after you have begun repaying your loan.

How payments are applied

Unless you owe late charges, when you make a payment on your loan, we apply the payment first to outstanding interest. If the payment amount is more than the amount of outstanding interest, we apply the remainder of your payment to your loan principal.

If you are required to pay late charges, we apply your payment differently depending on your repayment plan. If you are repaying under any repayment plan other than the IBR Plan, we apply your payment first to late charges, then to outstanding interest, and then to loan principal. If you are repaying under the IBR Plan, we apply your payment first to outstanding interest, then to late charges, and then to loan principal.

Prepaying your loans

You can prepay your loans (that is, make loan payments before they are due, or pay more than the amount due in a month) at any time without penalty. We apply any prepayments in accordance with the Act. We can provide more information about how prepayments are applied.

Notification of repayment in full

When you have repaid a 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.

10. DEFAULTING ON YOUR LOAN

You will be considered in default on your loan if:

- You do not make your monthly loan payments for a total of at least 270 days;
- You do not comply with other terms of the loan, and we determine that you do not intend to repay your loan; or
- We accelerate your loan (see Item 11, below) and you do not pay the amount due.

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 as authorized by law, and/or administratively garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- You may have to pay court costs and attorney fees in addition to the amount of your loan.
- You will lose eligibility for other federal student financial aid and for assistance under most federal benefit programs.
- You will lose eligibility for loan deferments, forbearances, and repayment plans.

- We will report your default to nationwide consumer reporting agencies (see Item 12 in this section). 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.

11. CONDITIONS WHEN WE MAY REQUIRE YOU TO IMMEDIATELY REPAY THE FULL AMOUNT OF YOUR LOAN

We may require you to immediately repay the entire unpaid amount of your loan (this is called “acceleration”) if you default on your loan.

12. INFORMATION WE REPORT ABOUT YOUR LOAN

We will report information about your loan to nationwide consumer reporting agencies (commonly known as “credit bureaus”) and to the National Student Loan Data System (NSLDS) on a regular basis. You can access NSLDS by visiting [Home | Federal Student Aid](#) and logging in with your Federal Student Aid ID. This information will include the disbursement dates, amount, and repayment status of your loan (for example, whether you are current or delinquent in making payments). Your loan will be identified as an education loan. Schools may access information in NSLDS for specific purposes that we authorize.

If you default on a loan, we will 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 a default.

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. We respond to objections submitted to consumer reporting agencies using the methods established by those agencies.

13. DEFERMENT AND FORBEARANCE (POSTPONING PAYMENTS)

General

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 and seeking work (for a maximum of three years);
- While you are experiencing an economic hardship, including serving in the Peace Corps service (for a maximum of three years);
- While you are serving on active duty or performing qualifying National Guard duty during a war or other military operation or national emergency and for an additional 180-day period following the demobilization date for your qualifying service;
- For a maximum of 13 months following your active duty service, if you are a current or retired member of the National Guard or reserve component of the U.S. Armed Forces and you are called or ordered to active duty while you are enrolled at least half-time at an eligible school or during your grace period; or
- For Direct Loans that were first disbursed on or after September 28, 2018, or for Direct Loans first disbursed before that date that entered repayment on or before September 28, 2018, while you are receiving treatment for cancer and for an additional 6 months after your treatment has ended (for a Direct Unsubsidized Loan that was previously a TEACH Grant, this deferment is available if the TEACH Grant was first disbursed on or after September 28, 2018, or if the TEACH Grant was first disbursed before September 28, 2018 and the Direct Unsubsidized Loan entered repayment on or before that date).

In most cases, you will automatically receive a deferment based on your enrollment in school on at least a half-time basis based on information that we receive from the school you are attending.

If we process a deferment based on information received from your school, 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 must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment. For a deferment based on active duty military service or National Guard duty, a representative acting on your behalf may submit the deferment request.

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.

You may also receive a forbearance if:

- You are serving in a qualifying medical or dental internship or residency program;
- The total amount you owe each month for all of your federal student loans is 20% or more of your total monthly gross income (for a maximum of three years);
- You are serving in an AmeriCorps position;
- You are performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program (see Item 14 in this section);
- 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.

Under certain circumstances we may also give you a forbearance without requiring you to submit a request or documentation (for example, while we are determining your eligibility for a loan discharge, or during periods when you are affected by a local or national emergency).

14. DISCHARGE (HAVING YOUR LOAN FORGIVEN)

If you meet certain conditions as described below, we may discharge (forgive) some or all of your loans.

For a discharge based on your death, a family member must contact your servicer. To request a loan discharge based on one of the other conditions described below (except for a discharge due to bankruptcy), in most cases you must complete a loan discharge or forgiveness application and send it to your servicer. Your servicer can tell you how to apply.

For discharges based on total and permanent disability, we work with the Department of Veterans Affairs (VA) and the Social Security Administration (SSA) to identify Direct Loan borrowers who meet our requirements for total and permanent disability discharge based on a qualifying VA or SSA disability determination. We'll send you a letter if information we receive from one of these agencies tells us that you qualify for discharge. Your loans will then be automatically discharged unless you tell us that you do not want to receive the discharge.

We do not guarantee the quality of the programs of study 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.

Death, total and permanent disability, and bankruptcy

We will discharge (forgive) your loan if:

- You die. Your servicer must receive acceptable documentation (as defined in the Act) of your death;
- You become totally and permanently disabled; or
- Your loan is discharged in bankruptcy after you have proven to the bankruptcy court that repaying the loan would cause undue hardship.

School closure, false certification based on identity theft, and unpaid refund

We may also discharge all or a portion of a Direct Unsubsidized Loan that was previously a TEACH Grant 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, and meet certain other qualifications.

Eligible teachers of math, science, or special education may receive up to \$17,500 in loan forgiveness. Other teachers may receive up to \$5,000 in loan forgiveness.

Public Service Loan Forgiveness

Under the Public Service Loan Forgiveness (PSLF) Program, we will forgive the remaining balance due on your Direct Loans after you have satisfied the equivalent of 120 qualifying monthly payments (after October 1, 2007) on those loans while you are employed full-time by a qualifying public service employer or serving in a full-time AmeriCorps or Peace Corps position. The required 120 payments do not have to be consecutive. You can learn more about the eligibility requirements for the PSLF Program at [Public Service Loan Forgiveness | Federal Student Aid](#) or by contacting your loan servicer.

Borrower defense to repayment

We may discharge all or a portion of a Direct Unsubsidized Loan that was previously a TEACH Grant based on certain conduct committed by the school where you received your TEACH Grant. Conduct by the school that may qualify you for a borrower defense to repayment discharge includes, but is not limited to, making untruthful or misleading statements concerning the school's educational programs or financial charges, or the employment outcomes of the school's graduates, or engaging in aggressive or deceptive recruitment tactics. For more information about borrower defense to repayment discharge, visit [Borrower Defense Loan Discharge | Federal Student Aid](#) or contact your servicer.

15. LOAN CONSOLIDATION

A Direct Consolidation Loan Program is available that allows you to combine 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.

If you have loans that were made under the FFEL Program, consolidating those loans into the Direct Loan Program can make them eligible for benefits that are only available for Direct Loans, such as Public Service Loan Forgiveness and certain repayment plans.

Although consolidation can provide certain benefits, it can also cause you to lose benefits on the loans that you consolidate. Contact your servicer for more information about loan consolidation and for help determining whether consolidation is a good option for you.

SECTION E: IMPORTANT NOTICES

GRAMM-LEACH-BLILEY ACT NOTICE

The Gramm-Leach-Bliley Act (Public Law 106-102) 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, write directly to:

U.S. Department of Education
Federal Student Aid Information Center

4255 W HWY 90
Monticello, KY 42633

SECTION F:
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 to Serve or Repay (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 10 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 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 authorize my institutions, the Department, and their agents and contractors to contact me regarding my TEACH Grant service obligation or, for any TEACH Grant I receive that is converted to a Direct Unsubsidized Loan, my loan, including repayment of my loan, at any cellular number I provide now or in the future number using automated dialing equipment or artificial or prerecorded voice or text messages.
4. 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).
5. I understand that the Department has the authority to verify information reported on this Agreement with other federal agencies.
 6. 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.
 7. 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.
 8. TEACH Grant Recipient's Signature
 9. Today's Date