

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) Program

Conversion Counseling Guide

July 2021

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What is the TEACH Grant Program?

The Teacher Education Assistance for College and Higher Education Grant (TEACH Grant) Program awards grants to students who intend to teach, to help pay for their postsecondary education. TEACH Grants are available to eligible students who are enrolled at a school that participates in the TEACH Grant Program, in a program of study that the school has designated as TEACH Grant-eligible.

TEACH Grants are different from other types of grants...

The term "grant" usually refers to money that doesn't have to be repaid. However, a TEACH Grant is different from other types of grants because if you don't meet the terms of your TEACH Grant service obligation, the TEACH Grants you received will be converted to Direct Unsubsidized Loans under the William D. Ford Federal Direct Loan (Direct Loan) Program that you must repay in full, with interest charged from the date of each TEACH Grant disbursement.

Before receiving each of your TEACH Grants, you were required to sign a TEACH Grant Agreement to Serve or Repay ("Agreement"). By signing the Agreement, you

- agreed to teach full-time for at least four school years as a highly qualified teacher in a high-need field, at an elementary school, secondary school, or educational service agency that serves low-income students; and
- promised to repay the full amount (plus interest) of any TEACH Grant you received that is converted to a Direct Unsubsidized Loan under the conditions described in your Agreement.

What is TEACH Grant Conversion Counseling?

TEACH Grant Conversion Counseling prepares you to begin repaying your new Direct Unsubsidized Loans that were converted from TEACH Grants. It covers your rights and responsibilities related to repayment of your loans, and also explains the conditions under which you can ask the TEACH Grant servicer to reconsider the conversion of your TEACH Grants to loans.

When your TEACH Grants are converted to Direct Unsubsidized Loans, the TEACH Grant servicer will direct you to complete TEACH Grant Conversion Counseling online at the U.S. Department of Education's [StudentAid.gov](https://studentaid.gov) website, and will also send you this TEACH Grant Conversion Counseling Guide or tell you where you can download a copy. You should keep a copy of the counseling guide for future reference.

We use the following terms throughout this Conversion Counseling Guide:

We, us, our, or the Department

The U.S. Department of Education.

The Act

The Higher Education Act of 1965, as amended (the HEA), and other federal laws and regulations that establish the terms and conditions of the Department's federal student aid programs, including the TEACH Grant Program and the Direct Loan Program.

Agreement

The TEACH Grant Agreement to Serve or Repay that you must sign before you can receive a TEACH Grant.

Loan servicer

A contractor that works for us to handle billing and other communications related to federal student loans that we hold. After 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 the TEACH Grant servicer.

TEACH Grant servicer

The contractor that works with us to

- communicate with you regarding your TEACH Grant service obligation,
- monitor your progress toward completing your service obligation, and
- handle other administrative matters related to your service obligation. Our TEACH Grant servicer is **FedLoan Servicing**.

What is the TEACH Grant Agreement to Serve or Repay?

The TEACH Grant Agreement to Serve or Repay (Agreement) is a legally binding document that

- explains your TEACH Grant service obligation;
- explains the conditions under which your TEACH Grant may be converted to a Direct Unsubsidized Loan; and
- describes the repayment terms and conditions that apply, and your rights, responsibilities, and benefits if your TEACH Grant is converted to a Direct Unsubsidized Loan.

You were required to sign an Agreement each year that you received a TEACH Grant. By signing each Agreement, you agreed to

- meet the service obligation requirements of the TEACH Grant Program; or
- repay, with interest, the full amount of all TEACH Grants you received that are converted to Direct Unsubsidized Loans.

Why were my TEACH Grants converted to loans?

Under the terms of the Agreement that you signed, your TEACH Grants were converted to loans for one of the following reasons:

- You asked the TEACH Grant servicer to convert your TEACH Grants to loans 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.
- You didn't begin or maintain qualifying teaching within a timeframe that would allow you to complete your required four years of teaching within the eight-year service obligation period.

The TEACH Grant servicer notified you of the specific reason that your grants were converted to loans. TEACH Grants that are converted to Direct Unsubsidized Loans have the terms and conditions that apply to other Direct Unsubsidized Loans under the Act, including the terms and conditions described in this counseling guide and in your Agreement.

How soon do I have to begin repayment after my TEACH Grants are converted to loans?

You must begin making payments following a six-month grace period that begins on the day after your grants are converted. You aren't required to begin making loan payments until after your grace period has ended, but interest will continue to accrue during the grace period. Your loan will be assigned to a loan servicer, and your loan servicer will tell you when your first loan payment is due following the end of the grace period.

How is interest charged on TEACH Grants that are converted to loans?

Interest is charged starting from the date of each of your TEACH Grant disbursements. TEACH Grants are generally paid out in multiple installments (called "disbursements") over the course of an academic year (for example, one disbursement at the beginning of the fall semester and a second disbursement at the beginning of the spring semester).

The interest rate you're charged on a Direct Unsubsidized Loan that was converted from a TEACH Grant will be the interest rate that was in effect for Direct Unsubsidized Loans on the date the TEACH Grant was first disbursed. The interest rate on a Direct Unsubsidized Loan is a fixed rate (meaning that the rate will never change) that is determined each year according to a formula specified in the Act. When the rate is determined, 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 student when you received the TEACH Grant. Direct

Unsubsidized Loans made to graduate students have a higher interest rate than Direct Unsubsidized Loans made to undergraduate students.

If a TEACH Grant that you received as an undergraduate student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to undergraduate students on the date the TEACH Grant was first disbursed.

If a TEACH Grant that you received as a graduate student is converted to a Direct Unsubsidized Loan, the interest rate that will apply after the conversion will be the interest rate that was in effect for Direct Unsubsidized Loans made to graduate students on the date the TEACH Grant was first disbursed.

The TEACH Grant servicer will notify you of the interest rate that will apply to each Direct Unsubsidized Loan that was converted from a TEACH Grant, and the amount of interest that has accrued. At the time your TEACH Grant is converted to a Direct Unsubsidized Loan, you'll be given the opportunity to pay the interest that has accrued since your TEACH Grants were disbursed. If you don't pay this interest, it will be capitalized when the loan enters repayment at the end of the six-month grace period. Capitalization is the addition of unpaid interest to the principal balance of a loan. This increases the principal balance of your loan, and interest is then charged on the increased principal balance. Capitalization may increase your monthly payment amount and the total amount you repay over the life of your loan, as shown in the example below.

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>.

Capitalization example

For each year of a four-year bachelor's degree program that you began in September 2013 and completed in June 2017, you received \$4,000 in TEACH Grant funds, for a total of \$16,000. Each academic year, \$2,000 of your \$4,000 TEACH Grant award was disbursed (paid out) at the beginning of the fall semester in September, and the remaining \$2,000 was disbursed at the beginning of the spring semester in January. The eight-year period for completing your service obligation began in June 2017, and your TEACH Grants are converted to Direct Unsubsidized Loans in December 2021. Your six-month grace period ends on June 1, 2022.

Using this example, Chart 1 on page 8 of this guide shows the amount of interest that would accrue on each individual TEACH Grant disbursement from the disbursement date through June 1, 2022 (the ending date of your six-month grace period), and the total amount of interest that would accrue from the first TEACH Grant disbursement date through the end of the grace period. The interest amounts shown are based on an interest rate of 6%. (For simplicity, the example assumes that this interest rate was in effect for Direct Unsubsidized Loans made to undergraduate students at the time of each of your TEACH Grant disbursements.)

Chart 2 on page 8 of this guide shows the difference in the monthly and total amounts you would repay under the Standard Repayment Plan depending on whether you pay this accrued interest before the Direct Unsubsidized Loan enters repayment, or allow the accrued interest to be capitalized. (Note: All amounts are estimates; your actual monthly and total repayment amounts may differ from the amounts shown in the chart.)

In this example, you would pay \$75 less per month and \$2,261 less altogether if you pay the accrued interest before the beginning of the repayment period for the TEACH Grants that are converted to Direct Unsubsidized Loans.

Chart 1

TEACH Grant Disbursement Amount	Disbursement Date	Interest Accrued Through 06/01/2022
\$2,000	09/01/2013	\$1,051
\$2,000	01/01/2014	\$1,011
\$2,000	09/01/2014	\$931
\$2,000	01/01/2015	\$891
\$2,000	09/01/2015	\$811
\$2,000	01/01/2016	\$771
\$2,000	09/01/2016	\$690
\$2,000	01/01/2017	\$650
Total interest accrued through 06/01/2022		\$6,806

Chart 2

	If you pay the interest before the loan enters repayment...	If you don't pay the interest and it's capitalized...
TEACH Grant amount	\$16,000	\$16,000
Total accrued interest from 09/01/2013 through 06/01/2022	\$6,806 (paid before the loan enters repayment)	\$6,806 (capitalized)
Principal to be repaid	\$16,000	\$22,806
Monthly payment (Standard Repayment Plan)	\$178	\$253
Number of payments	120	120
Total repaid	\$28,122 (total amount repaid includes the \$6,806 in accrued interest that was paid before the loan entered repayment)	\$30,383

What are my repayment options for TEACH Grants that are converted to loans?

If you have other Direct Loans that are already in repayment when your TEACH Grants are converted to Direct Unsubsidized Loans, your new loans that were converted from TEACH Grants will be placed on the same repayment plan as your other Direct Loans. Otherwise, you'll be asked to choose a repayment plan. You can change repayment plans at any time.

You can also 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. Your loan servicer can provide more information about how prepayments are applied.

There are two types of repayment plans for Direct Loans: **traditional repayment plans** and **income-driven repayment plans**. These plans are described briefly below. You can find more detailed information about the terms and conditions of the Direct Loan repayment plans in your Agreement.

Traditional repayment plans

Under a traditional repayment plan, your required monthly payment amount is based on the loan amount you owe, the interest rate on your loans, and the length of the repayment period. There are three traditional repayment plans:

Standard Repayment Plan. You'll make fixed monthly payments and repay your loan in full within 10 years (within 10 to 30 years for Direct Consolidation Loans).

Graduated Repayment Plan. Your monthly payments will be lower payments at first and then gradually increase over time. You'll repay your loan in full within 10 years (within 10 to 30 years for Direct Consolidation Loans).

Extended Repayment Plan. To qualify for the Extended Repayment Plan you must have more than \$30,000 in outstanding Direct Loans. Under this plan, you can choose to make fixed monthly payments or payments that start out lower and gradually increase over time, and you'll repay your loan in full within 25 years.

Income-Driven Repayment Plans

Under an income-driven repayment plan your required monthly payment amount is generally based on your income and family size, rather than on how much you owe, the interest rate on your loans, and your repayment period. Changes in your income or family size will result in changes to your monthly payment amount. If you select an income-driven repayment plan, you'll be required to certify your family size and provide documentation of your income each year so that we can recalculate your monthly payment amount. Under an income-driven repayment plan, if you haven't repaid your loan in full by the end of the maximum repayment period, the remaining loan balance will be forgiven. You may have to pay federal income tax on the forgiven loan amount.

Not all of the income-driven repayment plans are available to all Direct Loan borrowers or for all types of Direct Loans. Your Agreement provides more detailed information about eligibility for these plans. There are four income-driven repayment plans:

Revised Pay As You Earn Repayment Plan (REPAYE Plan). Your monthly payment amount will generally be 10% of your discretionary income. If you're married, the income used to determine your monthly payment amount will generally be the combined income of you and your spouse, regardless of whether you file a joint federal income tax return or separate returns. Any outstanding loan balance will be forgiven if you haven't repaid your loan in full after 20 years (if all loans were taken out for undergraduate study) or 25 years (if any loans were taken out for graduate or professional study).

Pay As You Earn Repayment Plan (PAYE Plan). Your monthly payment amount will generally be 10% of your discretionary income, but it will never be more than the Standard Repayment Plan amount. If you're married and file a joint federal income tax return, the income used to determine your payment amount will be the combined income of you and your spouse. Any outstanding loan balance will be forgiven if you haven't repaid your loan in full after 20 years.

Income-Based Repayment Plan (IBR Plan). Your monthly payment amount will generally be 10% or 15% of your discretionary income (depending on when you received your first loans), but it will never be more than the Standard Repayment Plan amount. If you're married and file a joint federal income tax return, the income used to determine your payment amount will be the combined income of you and your spouse. Any outstanding loan balance will be forgiven if you haven't repaid your loan in full after 20 years or 25 years (depending on when you received your first loans).

Income-Contingent Repayment Plan (ICR Plan). Your monthly payment will be the lesser of 20% of your discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. If you're married and file a joint federal income tax return, or if you and your spouse choose to jointly repay your Direct Loans under the ICR Plan, the income used to determine your payment amount will be the combined income of you and your spouse. Any outstanding loan balance will be forgiven if you haven't repaid your loan in full after 25 years.

How much will I be required to pay each month?

The tables on pages 11 and 12 of this guide provide repayment estimates under the available Direct Loan repayment plans. These figures are estimates based on an interest rate of 5%, the average Direct Loan interest rate for undergraduate and graduate borrowers. Various factors, including your interest rate, your loan debt, your income, and if and how quickly your income rises, may cause your monthly payments to differ from the estimates shown in these tables. You can use our *Loan Simulator* at <https://studentaid.gov/loan-simulator/> to estimate what your monthly and total repayment amounts would be under all of the repayment plans based on your individual circumstances.

For the Standard Repayment Plan and the Graduated Repayment Plan, the estimates are for non-consolidation loans.

For the income-driven repayment plans, the estimates use the 2020 Poverty Guidelines and (for the ICR Plan) the 2020 Income Percentage Factors, and assume a family size of one, that you live in the continental U.S., and that your income will increase 5% each year. The IBR Plan estimates assume that you're a new borrower on or after July 1, 2014.

Table 1. Traditional Repayment Plans

Repayment Plan	Direct Unsubsidized Loan Debt	Initial Payment	Final Payment	Time in Repayment	Total Paid
Standard	\$5,000	\$53	\$53	10 yrs	\$6,364
	\$10,000	\$106	\$106	10 yrs	\$12,728
	\$25,000	\$265	\$265	10 yrs	\$31,820
	\$50,000	\$530	\$530	10 yrs	\$63,639
	\$100,000	\$1,061	\$1,061	10 yrs	\$127,279
Graduated	\$5,000	\$30	\$90	10 yrs	\$6,715
	\$10,000	\$60	\$180	10 yrs	\$13,431
	\$25,000	\$150	\$450	10 yrs	\$33,578
	\$50,000	\$300	\$900	10 yrs	\$67,156
	\$100,000	\$600	\$1,800	10 yrs	\$134,313
Extended-Fixed	\$5,000	Ineligible	N/A	N/A	N/A
	\$10,000	Ineligible	N/A	N/A	N/A
	\$25,000	Ineligible	N/A	N/A	N/A
	\$50,000	\$292	\$292	25 yrs	\$87,689
	\$100,000	\$585	\$585	25 yrs	\$175,377
Extended-Graduated	\$5,000	Ineligible	N/A	N/A	N/A
	\$10,000	Ineligible	N/A	N/A	N/A
	\$25,000	Ineligible	N/A	N/A	N/A
	\$50,000	\$206	\$481	25 yrs	\$95,972
	\$100,000	\$413	\$962	25 yrs	\$191,966

Table 2. Income-Driven Repayment Plans

Repayment Plan	Direct Unsubsidized Loan Debt	Starting Income	Initial Payment	Final Payment	Repayment Period	Total Paid	Loan Forgiveness
REPAYE	\$5,000 (undergrad loans only)	\$25,000	\$49	\$105	7 yrs, 1 mo	\$6,094	\$0
	\$10,000 (undergrad loans only)	\$25,000	\$49	\$162	12 yrs, 5 mos	\$14,316	\$0
	\$25,000 (undergrad loans only)	\$25,000	\$49	\$276	20 yrs	\$34,223	\$12,471
	\$50,000 (undergrad & grad loans)	\$40,000	\$174	\$628	20 yrs, 8 mos	\$89,172	\$0
	\$100,000 (undergrad & grad loans)	\$40,000	\$174	\$793	25 yrs	\$126,332	\$86,136
PAYE & IBR	\$5,000	\$25,000	\$49	\$53	10 yrs, 1 mo	\$6,395	\$0
	\$10,000	\$25,000	\$49	\$106	13 yrs, 9 mos	\$14,497	\$0
	\$25,000	\$25,000	\$49	\$265	20 yrs	\$34,091	\$14,604
	\$50,000	\$40,000	\$174	\$530	20 yrs	\$82,752	\$7,156
	\$100,000	\$40,000	\$174	\$592	20 yrs	\$83,822	\$116,178
ICR	\$5,000	\$25,000	\$30	\$39	20 yrs, 1 mo	\$8,131	\$0
	\$10,000	\$25,000	\$59	\$77	20 yrs, 1 mo	\$16,262	\$0
	\$25,000	\$25,000	\$148	\$193	20 yrs, 1 mo	\$40,665	\$0
	\$50,000	\$40,000	\$381	\$451	14 yrs, 4 mos	\$70,907	\$0
	\$100,000	\$40,000	\$454	\$925	18 yrs, 5 mos	\$163,026	\$0

Can I ever postpone making loan payments?

If you meet certain requirements, you may receive a deferment that allows you to temporarily stop making payments on your loan. If you can't make your scheduled loan payments, but don't 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're enrolled at least half-time at an eligible postsecondary institution;
- While you're in a full-time course of study in a graduate fellowship program;
- While you're in an approved full-time rehabilitation program for individuals with disabilities;
- While you're 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're 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're a current or retired member of the National Guard or reserve component of the U.S. Armed Forces and you're called or ordered to active duty while you're 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're receiving treatment for cancer and for an additional six 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'll 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're attending. If we process a deferment based on information received from your school, you'll be notified of the deferment and will have the option of canceling the deferment and continuing to make payments on your loan.

For all other deferments, you (or, for a deferment based on active duty military service or National Guard duty, a representative acting on your behalf) must submit a deferment request to your servicer, along with documentation of your eligibility for the deferment.

Forbearance

We may give you a forbearance if you're 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're 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're serving in an AmeriCorps position;
- You're performing service that would qualify you for loan forgiveness under the Teacher Loan Forgiveness program (see the information about Teacher Loan Forgiveness elsewhere in this counseling guide);
- You qualify for partial repayment of your loans under a student loan repayment program administered by the Department of Defense; or
- You're 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're affected by a local or national emergency).

What will happen if I don't make my monthly loan payments?

The first day after you miss a student loan payment, your loan becomes past due, or delinquent. If you're delinquent on your student loan payment for 90 days or more, your loan servicer will report the delinquency to the three major national credit bureaus (also called "consumer reporting agencies"). If you continue to be delinquent, your loan can risk going into default. Don't ignore your student loan payments—defaulting on your loan can have serious consequences.

You'll be considered in default on your loan if

- you don't make your monthly loan payments for at least 270 days; or
- you don't comply with other terms of your loan, and we determine that you don't intend to repay your loan.

The consequences of default are serious. If you default:

- We'll require you to immediately repay the full 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'll have to pay reasonable collection fees and costs, plus court costs and attorney fees in addition to the amount of your loan.
- You'll lose eligibility for other federal student financial aid and for assistance under most federal benefit programs.
- You'll lose eligibility for loan deferments, forbearances, and repayment plans.
- We'll report your default to nationwide consumer reporting agencies (credit bureaus). 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.

If you have trouble making your monthly loan payments on time, contact your loan servicer immediately to discuss other options such as changing to a different repayment plan, or getting a deferment or forbearance that would allow you to temporarily postpone making payments. Refer to your Agreement for more detailed information about deferment and forbearance options.

Can my Direct Unsubsidized Loans ever be 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 loan servicer. To request a loan discharge based on one of the other conditions described below (except for a discharge due to bankruptcy), you must complete a loan discharge or forgiveness application and send it to your loan servicer. Your loan servicer can tell you how to apply.

We don't guarantee the quality of the programs of study provided by institutions of higher education 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 didn't complete the education paid for with the TEACH Grant, are unable to obtain employment in the field for which your school provided training, or are dissatisfied with, or don't receive, the education you paid for with the TEACH Grant.

Death, total and permanent disability, and bankruptcy

We'll discharge (forgive) your loan if

- you die, and your loan servicer receives acceptable documentation 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 couldn't complete the program of study for which you received the TEACH Grant because the school where you received the grant 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 school didn't pay a refund of the TEACH Grant award that it was required to pay under federal regulations.

Teacher Loan Forgiveness

Even if you didn't meet the requirements of the TEACH Grant Program and your TEACH Grant was 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

A Public Service Loan Forgiveness (PSLF) program is also available. Under this program, we'll forgive the remaining balance due on your Direct Loans after you have made 120 payments (after October 1, 2007) on those loans under certain repayment plans while you're employed full-time by a qualifying employer. The required 120 payments don't have to be consecutive. Qualifying repayment plans include the REPAYE Plan, the PAYE Plan, the IBR Plan, the ICR Plan, and the Standard Repayment Plan with a 10-year repayment period.

Note: Although the Standard Repayment Plan with a 10-year repayment period is a qualifying repayment plan for PSLF, to receive any loan forgiveness under this program you must enter the REPAYE Plan, the PAYE Plan, the IBR Plan, or the ICR Plan, and make the majority of the 120 payments under one of those plans.

Borrower defense to repayment

We may discharge all or a portion of a Direct Unsubsidized Loan that was previously a TEACH Grant if the institution where you received the TEACH Grant did something or failed to do something related to your TEACH Grant or to the educational services that the TEACH Grant was intended to pay for.

The specific requirements to qualify for a borrower defense to repayment discharge of a Direct Unsubsidized Loan that was previously a TEACH Grant vary depending on when you received your TEACH Grant. Contact your servicer for more information.

What can I do to make it easier to repay my loans?

After your TEACH Grants are converted to Direct Unsubsidized Loans it will be important to make on-time loan payments. The following tips will help you manage your money so that you can meet your household expenses and continue to make loan payments on-time.

Tip 1: Develop a budget

Have an accurate picture of your monthly expenses (in addition to your loan payments). You should develop a budget that includes items like rent, car payments, utility bills, food, clothing, insurance, and entertainment, as well as non-monthly and unexpected expenses.

Tip 2: As a borrower, know your rights and responsibilities

As a borrower, you have certain rights and responsibilities.

- If you're having trouble making payments, contact your loan servicer right away to discuss options such as applying for a deferment or forbearance, or changing to a different repayment plan.
- Keep your loan information in a safe place.
- Keep your loan servicer informed of your address, phone number, and other contact information.
- Contact your loan servicer when you have questions or concerns.

Tip 3: Make the most of your grace period

After your TEACH Grants are converted to Direct Unsubsidized Loans, you have a six-month grace period and aren't required to begin making payments until the grace period ends.

- Get your finances in order during the grace period so that you'll be ready to make loan payments when the grace period ends.
- Pay the interest that has accrued since your TEACH Grants were disbursed (paid out) instead of allowing it to be capitalized at the end of the grace period. This will reduce the total amount of interest you pay on your loans over time.

Tip 4: Pay interest as it accrues and make extra loan payments if you can

- Pay the interest that accrues on your loans during periods when you aren't required to make loan payments (for example, deferment or forbearance periods) instead of allowing the interest to be capitalized. Make your interest payments a budget priority.
- Paying a little more than your required payment each month can save you many dollars later.

Tip 5: Understand and limit credit card use

Credit cards are one form of borrowing money, but they often carry a very high interest rate.

- Avoid having multiple credit cards. If you decide you need a credit card, it's best to stick with one card that has a low credit limit.
- Pay off your total balance each month. If that's not possible, always pay more than the minimum.
- Make your credit card payments on time. If you make a payment late (even a day late), you may have to pay a late fee, and your interest rate may go up. Late payments will also be reported to credit bureaus.

My TEACH Grants were converted even though I was satisfying the service obligation. What can I do?

Your TEACH Grants may have been converted to loans even though you were satisfying your service obligation. This could happen if you didn't provide the TEACH Grant servicer with documentation of your teaching and you reached the point when you were subject to conversion due to failure to begin or maintain qualifying teaching within a timeframe that would allow you to complete your required four years of teaching within your eight-year service obligation period. In this circumstance, we'll reconvert a Direct Unsubsidized Loan to a TEACH Grant if we determine that you were satisfying your service obligation. You must contact the TEACH Grant servicer to request reconsideration of the conversion, and the TEACH Grant servicer will require you to provide documentation of your teaching service to support your request.

If we determine that you were satisfying the service obligation, we'll reconvert your Direct Unsubsidized Loan to a TEACH Grant and you'll again be responsible for completing any remaining portion of your four-year service obligation.

I believe that my TEACH Grants were converted to loans in error. What can I do?

If you believe that your TEACH Grants were converted to Direct Unsubsidized Loans in error, you must contact the TEACH Grant servicer to request reconsideration of the conversion. If you show to our

satisfaction that your TEACH Grant was converted to a loan in error (based on documentation that you provide or based on information that is available in our records), we'll

- reconvert your Direct Unsubsidized Loan 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 four-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 the example below);
- ensure that you receive credit for any payments that were made on the Direct Unsubsidized Loan that has been reconverted to a TEACH Grant;
- notify you that your Direct Unsubsidized Loan has been reconverted to a TEACH Grant and that you're once again responsible for meeting all requirements of your service obligation as explained in this Agreement; and
- request the removal of any information that we reported to consumer reporting agencies (credit bureaus) related to the Direct Unsubsidized Loan that has been reconverted 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: Reconversion to a TEACH Grant based on documentation of conversion in error

You complete the program of study for which you received a TEACH Grant and enter the eight-year service obligation period. You begin qualifying teaching service in year five of the eight-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 five and six of the eight-year service obligation period. At the beginning of year seven, 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 reconverted 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 reconverted to a TEACH Grant to complete the remaining one year of your four-year service obligation.

If you request reconsideration of the conversion of your TEACH Grant to a Direct Unsubsidized but don't show to our satisfaction that your TEACH Grant was converted to a loan in error, we'll

- notify you that your loan can't be reconverted to a TEACH Grant;
- explain the reason(s) why your loan can't be reconverted 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.

I previously asked to have my TEACH Grants converted to loans. Can the loans be changed back to grants?

If you previously asked the TEACH Grant servicer to convert your TEACH Grants to Direct Unsubsidized Loans (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), but you now intend to satisfy your service obligation, we'll reconvert the loan to a TEACH Grant upon your request if

- excluding any approved periods of suspension of your service obligation period (contact the TEACH Grant servicer or refer to your Agreement for information about suspensions), 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 school where you received your TEACH Grant or, if you received a TEACH Grant at one school and subsequently transferred to another school and enrolled in another TEACH Grant-eligible program, within eight years from the date you ceased enrollment at the other school; or
- if you wouldn't 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.

Useful Resources

Information about your TEACH Grants and Direct Unsubsidized Loans

Information about the TEACH Grants and federal student loans that you have received, including Direct Unsubsidized Loans that were converted from TEACH Grants, is reported daily to the Dashboard and Aid Summary pages of your [StudentAid.gov](https://studentaid.gov) account. You can view this information by logging into your account with your username and password (FSA ID) at <https://studentaid.gov/>.

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 Direct Consolidation 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, but it can also increase the total amount of interest that you'll pay.

If you have both Direct Loans (including Direct Unsubsidized Loans that were converted from TEACH Grants) and loans that were made under other federal student loan programs, such as the Federal Family Education Loan (FFEL) Program, consolidating your non-Direct Loans into the Direct Loan Program can make those loans eligible for benefits that are only available for Direct Loans, such as PSLF and certain repayment plans. However, it may be best not to consolidate your Direct Loans with your non-Direct Loans, because consolidation could cause you to lose certain benefits on your Direct Loans, such as payments made toward PSLF.

Although consolidation can provide certain benefits, it can also cause you to lose benefits on the loans that you consolidate, such as loan forgiveness and deferment options, grace periods, and credit for payments made toward loan forgiveness. Contact your loan servicer for more information about loan consolidation and for help determining whether consolidation is a good option for you.

As with other types of Direct Loans, you have a choice of repayment plans for a Direct Consolidation Loan, you can change repayment plans at any time, and you can prepay the loan without penalty.

Federal Student Aid Ombudsman

The Department's Federal Student Aid Ombudsman can help resolve problems related to federal student loans (including TEACH Grants that have been converted to Direct Unsubsidized Loans) when other approaches have failed. It's important to keep all of your TEACH Grant papers and correspondence for your records. You should contact your TEACH Grant servicer or loan servicer first to try and resolve the problem. If you're unable to resolve the problem on your own, you may contact the FSA Ombudsman for assistance. You can reach the FSA Ombudsman at:

Office of the Ombudsman
United States Department of Education
830 First Street NE
4th Floor UCP-3/MS 5144
Washington, DC 20201-5144
Toll-free phone: (877) 557-2575
Website: <https://studentaid.gov/feedback-center/>

TEACH Grant servicer

The Department's TEACH Grant servicer is the contractor that works with us to communicate with you regarding your TEACH Grant service obligation, monitor your progress toward completing your service

obligation, and handle other administrative matters related to your service obligation, including requests for reconsideration of the conversion of TEACH Grants to Direct Unsubsidized Loans.

TEACH Grant servicer Address:

FedLoan Servicing
P. O. Box 69184
Harrisburg, PA 17106-9184

TEACH Grant servicer Telephone Numbers:

- 1-800-699-2908
- 1-717-720-1985 (International)

TEACH Grant servicer Website:

<https://myfedloan.org/borrowers/special-programs/teach-grants>