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PART 686—TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION (TEACH) GRANT PROGRAM

Subpart A – Scope, Purpose, and General Definitions

§686.1 Scope and purpose.

The TEACH Grant program awards grants to students who intend to teach, to help meet the cost of their postsecondary education. In exchange for the grant, the student must agree to serve as a full-time teacher in a high-need field, in a school ~~or as a full-time teacher in a high-need field for an educational service agency~~ serving low-income students, for at least four academic years within eight years of ~~completing~~ ~~ceasing enrollment at the program of study for which institution where~~ the student received the grant ~~or, in the case of a student who receives a TEACH Grant or the transfer institution where the student completed the program~~ at one institution and subsequently transfers to another institution ~~and enrolls in another TEACH Grant-eligible program,~~ within eight years of ~~ceasing enrollment at the other institution.~~ The eight-year period for completing the required four years of teaching does not include periods of suspension in accordance with §686.41. If the student does not satisfy the service obligation, the amounts of the TEACH Grants received are treated as a Federal Direct Unsubsidized Stafford/~~Ford~~ Loan (~~Federal~~ Direct Unsubsidized Loan) and must be repaid with interest ~~charged from the date of each TEACH Grant disbursement.~~ A TEACH Grant that has been converted to a Direct Unsubsidized Loan ~~cannot~~ ~~can~~ be reconverted to a grant ~~unless only if~~ the Secretary determines that the grant was converted to a loan in error: ~~The Secretary will reconvert the loan to a TEACH Grant~~ or if, within one year of the conversion date, the grant recipient provides the Secretary with documentation showing that he or she is satisfying the service obligation.

(Authority: 20 U.S.C. 1070g, *et seq.*)

§686.2 Definitions.

(a) Definitions for the following terms used in this part are in the regulations for Institutional Eligibility under the Higher Education Act of 1965, as amended, (HEA) 34 CFR part 600:

Award year

Clock hour

Correspondence course

Credit hour

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Eligible institution

Institution of higher education (institution)

Regular student

Secretary

State

Title IV, HEA program

(b) Definitions for the following terms used in this part are in subpart A of the Student Assistance General Provisions, 34 CFR part 668:

Academic year

Enrolled

Expected family contribution (EFC)

Free application for Federal student aid (FAFSA)

Full-time student

Graduate or professional student

Half-time student

HEA

Payment period

Three-quarter-time student

Undergraduate student

William D. Ford Federal Direct Loan (Direct Loan) Program

(c) Definitions for the following terms used in this part are in 34 CFR part 77:

Local educational agency (LEA)

State educational agency (SEA)

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(d) Other terms used in this part are defined as follows:

Academic year or its equivalent for elementary and secondary schools (elementary or secondary academic year):

(1) One complete school year, or two complete and consecutive half-years from different school years, excluding summer sessions, that generally fall within a 12-month period.

(2) If a school has a year-round program of instruction, the Secretary considers a minimum of nine consecutive months to be the equivalent of an academic year.

Agreement to serve or repay: An agreement under which the individual receiving a TEACH Grant commits to meet the service obligation or repay the loan as described in §686.12 and to comply with notification and other provisions of the agreement.

Annual award: The maximum TEACH Grant amount a student would receive for enrolling as a full-time, three-quarter-time, half-time, or less-than-half-time student and remaining in that enrollment status for a year.

Bilingual education: An educational program in which two languages are used to provide content matter instruction.

Educational service agency: A regional public multiservice agency authorized by State statute to develop, manage, and provide services or programs to local education agencies (LEAs).

Elementary school: A nonprofit institutional day or residential school, including a public elementary charter school, that provides elementary education, as determined under State law.

English language acquisition: The process of acquiring English as a second language.

Full-time teacher: A teacher who meets the standard used by a State in defining full-time employment as a teacher. For an individual teaching in more than one school, the determination of full-time is based on the combination of all qualifying employment.

High-need field: Includes the following:

(1) Bilingual education and English language acquisition.

(2) Foreign language.

(3) Mathematics.

(4) Reading specialist.

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(5) Science, ~~including, but not limited to, computer science.~~

(6) Special education.

(7) Another field documented as high-need by the Federal Government, a State government or an LEA, and approved by the Secretary and listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List). ~~in accordance with 34 CFR 682.210(q).~~

~~*Highly-qualified:* Has the meaning set forth in section 9101(23) of the Elementary and Secondary Education Act of 1965 as amended (ESEA) or in section 602(10) of the Individuals with Disabilities Education Act.~~

(1) When used with respect to any public elementary school or secondary school teacher in a State, means that-

(i) The teacher has obtained full State certification as a teacher (including certification obtained through alternative routes to certification) or passed ~~meaning~~ the State teacher licensing examination, and holds a license to teach in such State, except that when used with respect to any teacher teaching in a public charter school, the term means that the teacher meets the requirements set forth in ~~section 9101(23)~~ the State's public charter school law; and

(ii) The teacher has not had certification or licensure requirements waived on an emergency, temporary, or provisional basis;

(2) When used with respect to-

(i) An elementary school teacher who is new to the profession, means that the teacher-

(A) Holds at least a bachelor's degree; and

(B) Has demonstrated, by passing a rigorous State test, subject knowledge and teaching skills in reading, writing, mathematics, and other areas of the ~~Elementary and Secondary Education Act~~ basic elementary school curriculum (which may consist of ~~1965, as amended (ESEA) or in section 602(10)~~ passing a State-required certification or licensing test or tests in reading, writing, mathematics, and other areas of the ~~Individuals With Disabilities Act.~~ basic elementary school curriculum); or

(ii) A middle or secondary school teacher who is new to the profession, means that the teacher holds at least a bachelor's degree and has demonstrated a high level of competency in each of the academic subjects in which the teacher teaches by-

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(A) Passing a rigorous State academic subject test in each of the academic subjects in which the teacher teaches (which may consist of a passing level of performance on a State-required certification or licensing test or tests in each of the academic subjects in which the teacher teaches); or

(B) Successful completion, in each of the academic subjects in which the teacher teaches, of an academic major, a graduate degree, coursework equivalent to an undergraduate academic major, or advanced certification or credentialing; and

(3) When used with respect to an elementary, middle, or secondary school teacher who is not new to the profession, means that the teacher holds at least a bachelor's degree and-

(i) Has met the applicable standard in ~~clause paragraph (2)(i) or (ii) of subparagraph (B)~~, of this definition, which includes an option for a test; or

(ii) Demonstrates competence in all the academic subjects in which the teacher teaches based on a highly objective uniform State standard of evaluation that-

(A) Is set by the State for both grade-appropriate academic subject matter knowledge and teaching skills;

(B) Is aligned with challenging State academic content and student academic achievement standards and developed in consultation with core content specialists, teachers, principals, and school administrators;

(C) Provides objective, coherent information about the teacher's attainment of core content knowledge in the academic subjects in which a teacher teaches;

(D) Is applied uniformly to all teachers in the same academic subject and the same grade level throughout the State; and

(E) Takes into consideration, but is not based primarily on, the time the teacher has been teaching in the academic subject;

(F) Is made available to the public upon request; and

(G) May involve multiple, objective measures of teacher competency.

(4)(i) When used with respect to any public or other non-profit private, elementary or secondary school teacher who is exempt from State certification requirements means that the teacher is permitted to and does satisfy rigorous subject knowledge and skills tests by taking competency tests in the applicable grade levels and subject areas.

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(ii) For purposes of paragraph (4)(i) of this definition, the competency tests taken by a private school teacher must be recognized by five or more States for the purpose of fulfilling the highly qualified teacher requirements as described in paragraphs (1), (2), and (3) of this definition, and the score achieved by the teacher on each test must equal or exceed the average passing score of those five States.

Institutional Student Information Record (ISIR): An electronic record that the Secretary transmits to an institution that includes an applicant's—

- (1) Personal identification information;
- (2) Application data used to calculate the applicant's EFC; and
- (3) EFC.

Numeric equivalent: (1) If an otherwise eligible program measures academic performance using an alternative to standard numeric grading procedures, the institution must develop and apply an equivalency policy with a numeric scale for purposes of establishing TEACH Grant eligibility. The institution's equivalency policy must be in writing and available to students upon request and must include clear differentiations of student performance to support a determination that a student has performed at a level commensurate with at least a 3.25 GPA on a 4.0 scale in that program.

(2) A grading policy that includes only “satisfactory/unsatisfactory”, “pass/fail”, or other similar nonnumeric assessments qualifies as a numeric equivalent only if—

(i) The institution demonstrates that the “pass” or “satisfactory” standard has the numeric equivalent of at least a 3.25 GPA on a 4.0 scale awarded in that program, or that a student's performance for tests and assignments yielded a numeric equivalent of a 3.25 GPA on a 4.0 scale; and

(ii) For an eligible institution, the institution's equivalency policy is consistent with any other standards the institution may have developed for academic and other title IV, HEA program purposes, such as graduate school applications, scholarship eligibility, and insurance certifications, to the extent such standards distinguish among various levels of a student's academic performance.

Payment Data: An electronic record that is provided to the Secretary by an institution showing student disbursement information.

Post-baccalaureate program: A program of instruction for individuals who have completed a baccalaureate degree, that—

- (1) Does not lead to a graduate degree;

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(2) Consists of courses required by a State in order for a student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary school or secondary school in that State, except that it does not include any program of instruction offered by a TEACH Grant-eligible institution that offers a baccalaureate degree in education; and

(3) Is treated as an undergraduate program of study for the purposes of title IV of the HEA.

Retiree: An individual who has decided to change his or her occupation for any reason and who has expertise, as determined by the institution, in a high-need field.

Scheduled Award: The maximum amount of a TEACH Grant that a full-time student could receive for a year.

School or educational service agency serving low-income students (low-income school): ~~(1)~~ An elementary ~~or school~~, secondary school, or educational service agency that--

~~(1) Is in the school district of an LEA that is eligible for assistance pursuant to title I of the ESEA;~~

~~(2) Has been determined by the Secretary to be a school in which more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under title I of the ESEA; and~~

~~(3) is listed in the Department's Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits--Low-Income (TCLI) Directory.~~ The Secretary considers all elementary and secondary schools and educational service agencies operated by the Bureau of Indian Education (BIE) in the Department of the Interior or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE to qualify as schools or educational service agencies serving low-income students.

Secondary school: A nonprofit institutional day or residential school, including a public secondary charter school, that provides secondary education, as determined under State law, except that the term does not include any education beyond grade 12.

Student Aid Report (SAR): A report provided to an applicant by the Secretary showing the amount of his or her expected family contribution.

TEACH Grant-eligible institution: An eligible institution as defined in 34 CFR part 600 that meets financial responsibility standards established in 34 CFR part 668, subpart L, or that qualifies under an alternative standard in 34 CFR 668.175 and—

(1) Provides a high-quality teacher preparation program at the baccalaureate or master's degree level that—

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(i)(A) Is accredited by a specialized accrediting agency recognized by the Secretary for the accreditation of professional teacher education programs; or

(B) Is approved by a State and includes a minimum of 10 weeks of full-time pre-service clinical experience, or its equivalent, and provides either pedagogical coursework or assistance in the provision of such coursework; and

(ii) Provides supervision and support services to teachers, or assists in the provision of services to teachers, such as—

(A) Identifying and making available information on effective teaching skills or strategies;

(B) Identifying and making available information on effective practices in the supervision and coaching of novice teachers; and

(C) Mentoring focused on developing effective teaching skills and strategies;

(2) Provides a two-year program that—

(i) Is acceptable for full credit in a baccalaureate teacher preparation program of study offered by an institution described in paragraph (1) of this definition, as demonstrated by the institutions; or

(ii) Is acceptable for full credit in a baccalaureate degree program in a high-need field at an institution described in paragraph (3) of this definition, as demonstrated by the institutions;

(3) Offers a baccalaureate degree that, in combination with other training or experience, will prepare an individual to teach in a high-need field as defined in this part and has entered into an agreement with an institution described in paragraphs (1) or (4) of this definition to provide courses necessary for its students to begin a career in teaching; or

(4) Provides a post-baccalaureate program of study.

TEACH Grant-eligible program: An eligible program, as defined in 34 CFR 668.8, is a program of study ~~in~~ **at a TEACH Grant-eligible institution** that is designed to prepare an individual to teach as a highly-qualified teacher in a high-need field and leads to a baccalaureate or master's degree, or is a post-baccalaureate program of study. A two-year program of study that is acceptable for full credit toward a baccalaureate degree is considered to be a program of study that leads to a baccalaureate degree.

Teacher: A person who provides direct classroom teaching or classroom-type teaching in a non-classroom setting, including special education teachers and reading specialists.

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Teacher preparation program: A State-approved course of study, the completion of which signifies that an enrollee has met all the State's educational or training requirements for initial certification or licensure to teach in the State's elementary or secondary schools. A teacher preparation program may be a regular program or an alternative route to certification, as defined by the State. For purposes of a TEACH Grant, the program must be provided by an institution of higher education.

Teacher Shortage Area Nationwide Listing (Nationwide List): A list of teacher shortage areas in each State as defined under 34 CFR 682.210(q)(8)(vii).

(Authority: 20 U.S.C. 1070g, *et seq.*)

[73 35495, June 23, 2008, as amended at 75 FR 66968, Oct. 29, 2010]

§686.3 Duration of student eligibility.

§686.4 Institutional participation.

§686.5 Enrollment status for students taking regular and correspondence courses.

§686.6 Payment from more than one institution.

Subpart B—Application Procedures

§686.10 Application.

~~(a)~~ To receive a grant under this part, a student must—

~~(a1)~~ Complete and submit ~~the a~~ Free Application for Federal Student Aid (FAFSA) ~~and submit an approved signed application, as designated by it in accordance with the Secretary. A copy of this application is not acceptable~~ in accordance with the instructions in the FAFSA;

~~(b2)~~ Complete and sign an agreement to serve ~~and promise to~~ or repay in accordance with ~~in~~ §686.12; and

~~(c3)~~ Provide any additional information ~~and assurances~~ requested by the Secretary ~~and the~~ institution.

~~(b)~~ The student must submit an application to the Secretary by—

~~(1)~~ Sending the completed application to the Secretary; or

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~~(2) Providing the application, signed by all appropriate family members, to the institution which the student attends or plans to attend so that the institution can transmit the application information to the Secretary electronically.~~

~~(c) The student must provide the address of his or her residence.~~

~~(d) For each award year, the Secretary, through publication in the FEDERAL REGISTER, establishes deadline dates for submitting to the Department the application and additional information and for making corrections to the information provided.~~

(Authority: 20 U.S.C. 1070g, *et seq.*)

§686.11 Eligibility to receive a grant.

(a) *Undergraduate, post-baccalaureate, and graduate students.* (1) Except as provided in paragraph (b) of this section, a student who meets the requirements of 34 CFR part 668, subpart C, is eligible to receive a TEACH Grant if the student—

~~(i) Has submitted a completed application;~~

~~(ii) Has signed an agreement to serve as required under §686.12~~

(i) Has met the application requirements in §686.10;

(ii) Is enrolled in a TEACH Grant-eligible institution in a TEACH Grant-eligible program;

(iii) Is completing coursework and other requirements necessary to begin a career in teaching or plans to complete such coursework and requirements prior to graduating; and

(iv) Has—

(A) If the student is in the first year of a program of undergraduate education as determined by the institution—

(1) A final cumulative secondary school grade point average (GPA) upon graduation of at least 3.25 on a 4.0 scale, or the numeric equivalent; or

(2) A cumulative GPA of at least 3.25 on a 4.0 scale, or the numeric equivalent, based on courses taken at the institution through the most-recently completed payment period;

(B) If the student is beyond the first year of a program of undergraduate education as determined by the institution, a cumulative undergraduate GPA of at least 3.25 on a 4.0 scale, or the numeric equivalent, through the most recently completed payment period;

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(C) If the student is a graduate student during the first payment period, a cumulative undergraduate GPA of at least 3.25 on a 4.0 scale, or the numeric equivalent;

(D) If the student is a graduate student beyond the first payment period, a cumulative graduate GPA of at least 3.25 on a 4.0 scale, or the numeric equivalent, through the most-recently completed payment period; or

(E) A score above the 75th percentile of scores achieved by all students taking the test during the period the student took the test on at least one of the batteries from a nationally-normed standardized undergraduate, graduate, or post-baccalaureate admissions test, except that such test may not include a placement test.

(2)(i) An institution must document the student's secondary school GPA under §686.11(a)(1)(v)(A) using—

(A) Documentation provided directly to the institution by the cognizant authority; or

(B) Documentation from the cognizant authority provided by the student.

(ii) A cognizant authority includes, but is not limited to—

(A) An LEA;

(B) An SEA or other State agency; or

(C) A public or private secondary school.

(iii) A home-schooled student's parent or guardian is the cognizant authority for purposes of providing the documentation of a home-schooled student's secondary school GPA.

(iv) If an institution has reason to believe the documentation provided by a student under paragraph (a)(2)(i)(B) of this section is inaccurate or incomplete, the institution must confirm the student's grades by using documentation provided directly to the institution by the cognizant authority.

(b) *Current or former teachers or retirees.* A student who has ~~submitted a completed application~~ ~~FAFSA~~ met the application requirements in §686.10 and meets the requirements of 34 CFR part 668, subpart C, is eligible to receive a TEACH Grant if the student—

(1) Has signed an agreement to serve ~~and~~ ~~or~~ ~~repay~~ as required under §686.12;

(2) Is a current teacher or retiree who is applying for a grant to obtain a master's degree or is or was a teacher who is pursuing certification through a high-quality alternative certification route; and

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(3) Is enrolled in a TEACH Grant-eligible institution in a TEACH Grant-eligible program during the period required for the completion of a master's degree.

(c) *Transfer students.* If a student transfers from one institution to the current institution and does not qualify under §686.11(a)(1)(v)(E), the current institution must determine that student's eligibility for a TEACH Grant for the first payment period using either the method described in paragraph (c)(1) of this section or the method described in paragraph (c)(2) of this section, whichever method coincides with the current institution's academic policy. For an eligible student who transfers to an institution that—

(1) Does not incorporate grades from coursework that it accepts on transfer into the student's GPA at the current institution, the current institution, for the courses accepted upon transfer—

(i) Must calculate the student's GPA for the first payment period of enrollment using the grades earned by the student in the coursework from any prior postsecondary institution that it accepts; and

(ii) Must, for all subsequent payment periods, apply its academic policy and not incorporate the grades from the coursework that it accepts on transfer into the GPA at the current institution; or

(2) Incorporates grades from the coursework that it accepts on transfer into the student's GPA at the current institution, the current institution must use the grades assigned to the coursework accepted by the current institution as the student's cumulative GPA to determine eligibility for the first payment period of enrollment and all subsequent payment periods in accordance with its academic policy.

(Authority: 20 U.S.C. 1070g, *et seq.*)

§686.12 Agreement to serve or repay.

(a) *General.* A student who meets the eligibility requirements in §686.11 may receive a TEACH Grant only after he or she signs an agreement to serve **or repay the grant as a loan** provided by the Secretary and receives counseling in accordance with §686.32.

(b) *Contents of the agreement to serve **or repay.*** The agreement **to serve or repay—**

(1) **Provides** that, for each TEACH Grant-eligible program for which the student received TEACH Grant funds, the grant recipient must fulfill a service obligation by performing creditable teaching service by **servicing—**

(1)(i) **Servicing as** a full-time teacher for a total of not less than four elementary or secondary academic years within eight **calendar** years **after completing the program or otherwise ceasing to be enrolled in the program for which the recipient received the TEACH Grant after the date the recipient ceased to be enrolled in at the program for which** institution where the recipient received the TEACH

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Grant or in the case of a student who receives a TEACH Grant at one institution and **subsequently** transfers to another institution **and enrolls in another TEACH Grant-eligible program**, within eight years of ceasing enrollment at the other institution;

(ii) In a low-income school **as defined in §686.2(d) and subject to the requirements under §686.40(a)(3)**;

(iii) As a highly-qualified teacher **as defined in §686.2(d)**; and

(iv) In a high-need field in the majority of classes taught during each elementary and secondary academic year.

(2) Requires the grant recipient to submit, **Submitting** upon completion of each year of service, ~~by the annual certification due date~~, documentation of the service in the form of a certification by a chief administrative officer of the school;

(3) Explains that the eight-year period for completing the service obligation does not include periods of suspension in accordance with §686.41;

(4)(i) Explains the conditions under which a TEACH Grant may be converted to a Direct Unsubsidized Loan, as described in §686.43;

(ii) Explains that, if a TEACH Grant is converted to a Direct Unsubsidized Loan, the grant recipient must repay the loan in full, with interest charged from the date of each TEACH Grant disbursement; and

(iii) Explains that to avoid further accrual of interest as described in paragraph (b)(4)(ii) of this section, a grant recipient who decides not to teach in a qualified school or field, or who for any other reason no longer intends to satisfy the service obligation, may request that the Secretary convert his or her TEACH Grant to a Direct Unsubsidized Loan **so** that the grant recipient may begin repaying immediately, instead of waiting for the TEACH Grant to be converted to a loan under the condition described in §686.43(a)(1)(ii); and

(5) Requires the grant recipient to comply ~~Complying~~ with the terms, conditions, and other requirements consistent with §§686.40-686.43 that the Secretary determines to be necessary.

(c) **Completion of the service obligation. ~~Completion of more than one service obligation.~~** (1) ~~Except as provided in paragraph (c)(2) of this section, a~~ A grant recipient must complete ~~one a~~ service obligation for ~~each program of study for which he or she received TEACH Grants~~ all TEACH Grants received for undergraduate study; and one service obligation for all TEACH Grants received for graduate study. Each ~~The starting date of the eight-year period for completing each~~ service obligation begins ~~following the completion or other cessation of enrollment by~~ **when the student in the TEACH**

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Grant-eligible program for which the student received TEACH Grant funds: when the grant recipient ceases enrollment at the institution where the TEACH Grants were received, or, in the case of a grant recipient who receives a TEACH Grant at one institution and subsequently transfers to another institution, within eight years from the date the grant recipient ceases enrollment at the other institution. However, creditable teaching service, a suspension approved under §686.41(a)(2), or a military discharge granted under §686.42(c)(2) may apply to more than one service obligation.

~~(2)(i)(A) In the case of a TEACH Grant recipient who withdraws from an institution before completing a baccalaureate or post-baccalaureate program of study for which he or she received TEACH Grants, but later re-enrolls at the same institution or at a different institution in either the same baccalaureate or post-baccalaureate program or in a different TEACH Grant-eligible baccalaureate or post-baccalaureate program and receives additional TEACH Grants, the grant recipient must complete one service obligation for all TEACH Grant-eligible baccalaureate or post-baccalaureate programs for which TEACH Grants were received; and~~

~~(B) In the case of a TEACH Grant recipient who withdraws from an institution before completing a master's degree program for which he or she received TEACH Grants, but later re-enrolls at the same institution or at a different institution in either the same master's degree program or in a different TEACH Grant-eligible master's degree program and receives additional TEACH Grants, the grant recipient must complete one service obligation for all TEACH Grant-eligible master's degree programs for which TEACH Grants were received;~~

~~(ii) Except as provided in paragraph (c)(2)(iii) of this section, for a TEACH Grant recipient covered under paragraph (c)(2)(i)(A) or (B) of this section the Secretary adjusts the starting date of the period for completing the service obligation to begin when the grant recipient ceases to be enrolled at the institution where he or she has re-enrolled.~~

~~(iii) In the case of a TEACH Grant recipient covered under paragraph (c)(2)(i)(A) or (B) of this section who completed one or more complete academic years of creditable teaching service as described in §686.12(b) during the period between the grant recipient's withdrawal and re-enrollment—~~

~~(A) The Secretary does not adjust the starting date of the period for completing the service obligation;~~

~~(B) The completed teaching service counts toward satisfaction of the grant recipient's service obligation under paragraph (c)(2)(i) of this section; and~~

~~(C) If the grant recipient continues to perform creditable teaching service after re-enrolling in a TEACH Grant-eligible program, the grant recipient may receive credit toward satisfaction of the service obligation under paragraph (c)(2)(i) of this section for any complete academic years of creditable teaching performed while the recipient is concurrently enrolled in the TEACH Grant-eligible program~~

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~~only if the recipient does not request and receive a temporary suspension of the period for completing the service obligation under §686.41(a)(1)(i).~~

(2) Unless paragraph (c)(3) of this section applies--

(i) In the case of a TEACH Grant recipient who withdraws from an institution before completing a baccalaureate or post-baccalaureate program of study for which he or she received TEACH Grants, but later re-enrolls at the same institution or at a different institution in either the same baccalaureate or post-baccalaureate program or in a different TEACH Grant-eligible baccalaureate or post-baccalaureate program prior to the date that his or her TEACH Grants are converted to Direct Unsubsidized Loans under §686.43(a)(1)(ii) and receives additional TEACH Grants or the Secretary otherwise confirms that the grant recipient has re-enrolled in a TEACH Grant-eligible program, the Secretary adjusts the starting date of the period for completing the service obligation to begin when the grant recipient ceases to be enrolled at the institution where he or she has re-enrolled; and

(ii) In the case of a TEACH Grant recipient who withdraws from an institution before completing a master's degree program of study for which he or she received TEACH Grants, but later re-enrolls at the same institution or at a different institution in either the same master's degree program or in a different TEACH Grant eligible master's degree program prior to the date that his or her TEACH Grants are converted to Direct Unsubsidized Loans under §686.43(a)(1)(ii) and receives additional TEACH Grants or the Secretary otherwise confirms that the grant recipient has re-enrolled in a TEACH Grant-eligible program, the Secretary adjusts the starting date of the period for completing the service obligation to begin when the grant recipient ceases to be enrolled at the institution where he or she has re-enrolled.

(3) In the case of a TEACH Grant recipient covered under paragraph (c)(2)(i) or (ii) of this section who completed one or more complete academic years of creditable teaching service as described in §686.12(b) during the period between the grant recipient's withdrawal and re-enrollment—

(i) The Secretary does not adjust the starting date of the period ~~unless requested by the recipient~~ for completing the service obligation ~~unless requested by the recipient~~;

(ii) The completed teaching service counts toward satisfaction of the grant recipient's service obligation under paragraph (c)(2)(i) of this section; and

(iii) If the grant recipient continues to perform creditable teaching service after re-enrolling in a TEACH Grant-eligible program, the grant recipient may receive credit toward satisfaction of the service obligation ~~under paragraph (c)(2)(i) of this section~~ for any complete academic years of creditable teaching performed while the recipient is concurrently enrolled in the TEACH Grant-eligible program only if the recipient does not request and receive a temporary suspension of the period for completing the service obligation under §686.41(a)(1)(i).

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(4) A grant recipient may request a suspension, in accordance with §686.41, of the eight-year time period in paragraph (b)(1) of this section.

(d) ~~Majoring and serving Teaching in a high-need field A grant recipient who completes a TEACH Grant-eligible program in a field that is listed in the Nationwide List. Cannot satisfy his or her~~ In order for a grant recipient's teaching service in a high-need field listed in the Nationwide List to count toward satisfying the recipient's service obligation ~~to each in that high-need field unless,~~ the high-need field in which he or she ~~has~~ prepared to teach ~~is~~ must be listed in the Nationwide List for the State in which the grant recipient ~~begins teaching at the time the recipient begins teaching in that field teaches—~~

(1) At the time the grant recipient ~~begins teaching a~~ in that field, even if that field subsequently loses its high-need designation for that State; or

(2) For teaching service performed on or after July 1, 2010—

(i) At the time the grant recipient ~~begins teaching in that field,~~ even if that field subsequently loses its high-need designation for that State; or

(ii) At the time the grant recipient signed the agreement to serve or repay or received the TEACH Grant, even if that field subsequently loses its high-need designation for that State before the grant recipient begins teaching in that field. ~~However, a grant recipient who has more than one service obligation cannot satisfy all of the service obligations by teaching in the same high-need field unless that high-need field was listed in the Nationwide List for the State in which the grant recipient teaches at the time the grant recipient signed an agreement to serve or received a TEACH Grant associated with each of the grant recipient's service obligations.~~

(e) *Repayment for failure to complete service obligation.* If a grant recipient fails or refuses to carry out the required service obligation described in paragraph (b) of this section, the TEACH Grants received by the recipient must be repaid and will be treated as a ~~Federal~~ Direct Unsubsidized Loan, with interest accruing from the date of each TEACH Grant disbursement, in accordance with applicable sections of subpart B of 34 CFR part 685.

(Authority: 20 U.S.C. 1070g, *et seq.*)

[73 35495, June 23, 2008, as amended at 74 FR 55950, Oct. 29, 2009]

Subpart C—Determination of Awards

§686.20 Submission process and deadline for a SAR or ISIR.

§686.21 Calculation of a grant.

(a)(1)(i) The Scheduled Award for a TEACH Grant for an eligible student is \$4,000.

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(ii) Each Scheduled Award remains available to an eligible student until the \$4,000 is disbursed.

(2)(i) The aggregate total amount that a student may receive in TEACH Grants for undergraduate and post-baccalaureate study may not exceed \$16,000.

(ii) The aggregate total amount that a student may receive in TEACH Grants for a master's degree graduate study may not exceed \$8,000.

(b) The annual award for—

(1) A full-time student is \$4,000;

(2) A three-quarter-time student is \$3,000;

(3) A half-time student is \$2,000; and

(4) A less-than-half-time student is \$1,000.

(c) Except as provided in paragraph (d) of this section, the amount of a student's grant under this part, in combination with the other student financial assistance available to the student, including the amount of a Federal Pell Grant for which the student is eligible, may not exceed the student's cost of attendance at the TEACH Grant-eligible institution. Other student financial assistance is estimated financial assistance, as defined in 34 CFR 673.5(c).

(d) A TEACH Grant may replace a student's EFC, but the amount of the grant that exceeds the student's EFC is considered estimated financial assistance, as defined in 34 CFR 673.5(c).

(e) In determining a student's payment for a payment period, an institution must include—

(1) In accordance with 34 CFR 668.20, any noncredit or reduced credit courses that an institution determines are necessary—

(i) To help a student be prepared for the pursuit of a first undergraduate baccalaureate or post-baccalaureate degree or certificate; or

(ii) In the case of English language instruction, to enable the student to utilize already existing knowledge, training, or skills; and

(2) In accordance with 34 CFR 668.5, a student's participation in a program of study abroad if it is approved for credit by the home institution at which the student is enrolled.

(Authority: 20 U.S.C. 1070g, *et seq.*)

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§686.22 Calculation of a grant for a payment period.

§686.23 Calculation of a grant for a payment period that occurs in two award years.

§686.24 Transfer student: attendance at more than one institution during an award year.

§686.25 Correspondence study.

Subpart D—Administration of Grant Payments

§686.30 Scope.

§686.31 Determination of eligibility for payment and cancellation of a TEACH Grant.

(a) For each payment period, an institution may pay a grant under this part to an eligible student only after it determines that the student—

- (1) Is eligible under §686.11;
- (2) Has completed the relevant initial or subsequent counseling as required in §686.32;
- (3) Has signed an agreement to serve as described in §686.12;
- (4) Is enrolled in a TEACH Grant-eligible program; and

(5) If enrolled in a credit-hour program without terms or a clock-hour program, has completed the payment period, as defined in 34 CFR 668.4, for which he or she has been paid a grant.

(b)(1) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress, but changes that determination before the end of the payment period, the institution may pay a TEACH Grant to the student for the entire payment period.

(2) If an institution determines at the beginning of a payment period that a student enrolled in a TEACH Grant-eligible program is not maintaining the required GPA for a TEACH Grant under §686.11 or is not pursuing a career in teaching, but changes that determination before the end of the payment period, the institution may pay a TEACH Grant to the student for the entire payment period.

(c) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress or the necessary GPA for a TEACH Grant under §686.11 or is not pursuing a career in teaching, but changes that determination after the end of the payment period, the institution may not pay the student a TEACH Grant for that payment period or make adjustments in subsequent payments to compensate for the loss of aid for that period.

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(d) An institution may make one disbursement for a payment period to an otherwise eligible student if—

(1)(i) The student's final high school GPA is not yet available; or

(ii) The student's cumulative GPA through the prior payment period under §686.11 is not yet available; and

(2) The institution assumes liability for any overpayment if the student fails to meet the required GPA to qualify for the disbursement.

(e)(1) In accordance with 34 CFR 668.165, before disbursing a TEACH Grant for any award year, an institution must—

(i) Notify the student of the amount of TEACH Grant funds that the student is eligible to receive, how and when those funds will be disbursed, and the student's right to cancel all or a portion of the TEACH Grant; and

(ii) Return the TEACH Grant proceeds, cancel the TEACH Grant, or both, if the institution receives a TEACH Grant cancellation request from the student by the later of the first day of a payment period or 14 days after the date it notifies the student of his or her right to cancel all or a portion of a TEACH Grant.

(2)(i) If a student requests cancellation of a TEACH Grant after the period of time in paragraph (e)(1)(ii) of this section, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant proceeds, cancel the TEACH Grant, or do both.

(ii) If the institution does not return the TEACH Grant proceeds, or cancel the TEACH Grant, the institution must notify the student that he or she may contact the Secretary to request that the TEACH Grant be converted to a ~~Federal~~ Direct Unsubsidized Loan.

(Authority: 20 U.S.C. 1070g, *et seq.*)

§686.32 Counseling requirements.

(a) *Initial counseling.* (1) An institution must ensure that initial counseling is conducted with each TEACH Grant recipient prior to making the first disbursement of the grant.

(2) The initial counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the institution must ensure that an individual with expertise in title IV, HEA programs is reasonably available shortly after the counseling to answer the student's questions. As an alternative, in the case of a student enrolled in a correspondence program of study or a study-abroad

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program of study approved for credit at the home institution, the student may be provided with written counseling materials before the grant is disbursed.

(3) The initial counseling must—

(i) Explain the terms and conditions of the TEACH Grant agreement to serve **or repay** as described in §686.12;

(ii) Provide the **student grant recipient** with information about how to identify low-income schools and documented high-need fields;

(iii) Inform the grant recipient that, in order for the teaching to count towards the recipient's service obligation, the high-need field in which he or she has prepared to teach must be—

(A) One of the six high-need fields listed in §686.2; or

(B) A high-need field **that is** listed in the Nationwide List ~~at the time and~~ for the State in which the grant recipient **begins teaching in that field teaches—**

(1) **At the time the grant recipient begins teaching in that field, even if that field subsequently loses its high-need designation for that State; or**

(2) **For teaching service performed on or after July 1, 2010, at the time the grant recipient signed the agreement to serve or repay or received the TEACH Grant, even if that field subsequently loses its high-need designation for that State before the grant recipient begins teaching in that field. However, a grant recipient who has more than one service obligation cannot satisfy all of the service obligations by teaching in the same high-need field unless that high-need field was listed in the Nationwide List for the State in which the grant recipient teaches at the time the grant recipient signed an agreement to serve or received a TEACH Grant associated with each of the grant recipient's service obligations.**

(iv) Inform the grant recipient of the opportunity to request a suspension of the eight-year period for completion of the agreement to serve **or repay** and the conditions under which a suspension may be granted in accordance with §686.41;

(v) Explain to the **student grant recipient** that conditions, such as conviction of a felony, could preclude the student from completing the service obligation;

(vi) Emphasize to the **student grant recipient** that if the **student grant recipient** fails or refuses to complete the service obligation contained in the agreement to serve **or repay** or any other condition of the agreement to serve **or repay—**

(A) The TEACH Grant must be repaid as a **Federal** Direct Unsubsidized Loan; and

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(B) The ~~TEACH Grant~~ grant recipient will be obligated to repay the full amount of each grant and the accrued interest from each disbursement date;

(vii) Explain the circumstances, as described in §686.43, under which a TEACH Grant will be converted to a ~~Federal~~ Direct Unsubsidized Loan, ~~including an explanation that if the grant recipient requests that a TEACH Grant be converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(i), the conversion of the TEACH Grant to a loan cannot be reversed;~~

(viii) Explain that—

(A) ~~to~~ To avoid further accrual of interest as described in §686.12(b)(4)(ii) of this section, a grant recipient who decides not to teach in a qualified school or field, or who for any other reason no longer intends to satisfy the service obligation, may request that the Secretary convert his or her TEACH Grant to a Direct Unsubsidized Loan that the grant recipient may begin repaying immediately, instead of waiting for the TEACH Grant to be converted to a loan under the condition described in §686.43(a)(1)(ii); and

(B) ~~If the grant recipient requests that a~~ the TEACH Grant be converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(i), the conversion of the TEACH Grant to a loan cannot be reversed;

(ix ~~viii~~) Emphasize that, once a TEACH Grant is converted to a ~~Federal~~ Direct Unsubsidized Loan, it ~~cannot~~ may be reconverted to a grant only if—

(A) ~~The Secretary determines that~~ the grant ~~has been determined to be~~ converted to a loan in error ~~by the Secretary~~; or

(B) In the case of a grant recipient whose TEACH Grant was converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(ii), within one year of the conversion date the grant recipient provides documentation showing that he or she ~~fully satisfied~~ is satisfying the service obligation within the eight-year service obligation period;:-

(ix) Review for the grant recipient information on the availability of the Department's Student Loan Ombudsman's office;

(xi) Describe the likely consequences of loan default, including adverse credit reports, garnishment of wages, Federal offset, and litigation; and

(xii) Inform the ~~student~~ grant recipient of sample monthly repayment amounts based on a range of student loan indebtedness.

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(b) *Subsequent counseling.* (1) If a student receives more than one TEACH Grant, the institution must ensure that the student receives additional counseling prior to the first disbursement of each subsequent TEACH Grant award.

(2) Subsequent counseling may be in person, by audiovisual presentation, or by interactive electronic means. In each case, the institution must ensure that an individual with expertise in title IV, HEA programs is reasonably available shortly after the counseling to answer the student's questions. As an alternative, in the case of a student enrolled in a correspondence program of study or a study-abroad program of study approved for credit at the home institution, the student may be provided with written counseling materials before the grant is disbursed.

(3) Subsequent counseling must—

(i) Review the terms and conditions of the TEACH Grant agreement to serve **or repay** as described in §686.12;

(ii) Emphasize to the **student grant recipient** that if the **student grant recipient** fails or refuses to complete the service obligation contained in the agreement to serve **or repay** or any other condition of the agreement to serve **or repay**—

(A) The TEACH Grant must be repaid as a **Federal** Direct Unsubsidized Loan; and

(B) The **TEACH Grant grant** recipient will be obligated to repay the full amount of the grant and the accrued interest from the disbursement date;

(iii) Explain the circumstances, as described in §686.34, under which a TEACH Grant will be converted to a **Federal** Direct Unsubsidized Loan, ~~including an explanation that if the grant recipient requests that a TEACH Grant be converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(i), the conversion of the grant to a loan cannot be reversed;~~

(iv) Explain that—

(A) ~~To~~ **to** avoid further accrual of interest as described in §686.12(b)(4)(ii) of this section, a grant recipient who decides not to teach in a qualified school or field, or who for any other reason no longer intends to satisfy the service obligation, may request that the Secretary convert his or her TEACH Grant to a Direct Unsubsidized Loan that the grant recipient may begin repaying immediately, instead of waiting for the TEACH Grant to be converted to a loan under the condition described in §686.43(a)(1)(ii); and

(B) ~~If the grant recipient requests that a~~ **If the grant recipient requests that a** the TEACH Grant be converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(i), the conversion of the TEACH Grant to a loan cannot be reversed;

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(iv) Emphasize that, once a TEACH Grant is converted to a ~~Federal~~ Direct Unsubsidized Loan, it ~~cannot~~ ~~may~~ be reconverted to a grant; ~~and unless the grant was converted to a loan in error; and only if—~~

(A) The ~~Secretary determines that the grant~~ ~~has been determined to be~~ converted to a loan in error ~~by the Secretary~~; or

(B) In the case of a grant recipient whose TEACH Grant was converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(ii), within one year of the conversion date the grant recipient provides documentation showing that he or she ~~fully satisfied~~ ~~is satisfying~~ the service obligation within the eight-year service obligation period; ~~and:~~

(vi) Review for the grant recipient information on the availability of the Department's Student Loan Ombudsman's office.

(c) *Exit counseling.* (1) An institution must ensure that exit counseling is conducted with each grant recipient before he or she ceases to attend the institution at a time determined by the institution.

(2) The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the institution must ensure that an individual with expertise in title IV, HEA programs is reasonably available shortly after the counseling to answer the grant recipient's questions. As an alternative, in the case of a grant recipient enrolled in a correspondence program of study or a study-abroad program of study approved for credit at the home institution, the grant recipient may be provided with written counseling materials within 30 days after he or she completes the TEACH Grant-eligible program.

(3) Within 30 days of learning that a grant recipient has withdrawn from the institution without the institution's knowledge, or from a TEACH Grant-eligible program, or failed to complete exit counseling as required, exit counseling must be provided either in-person, through interactive electronic means, or by mailing written counseling materials to the grant recipient's last known address.

(4) The exit counseling must—

(i) ~~Review the terms and conditions of the TEACH Grant agreement to serve or repay as described in §686.12 and~~ ~~inform~~ ~~emphasize to~~ the grant recipient ~~of that~~ the four-year service obligation ~~that~~ must be completed within the ~~first eight calendar years after completing a TEACH Grant-eligible program in accordance with eight-year period described in~~ §686.12;

(ii) Explain the treatment of a grant recipient who withdraws from ~~and~~ then reenrolls in a TEACH Grant-eligible program ~~in~~ ~~at~~ a TEACH Grant-eligible institution as described in §686.12(c);

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(iii) Inform the grant recipient of the opportunity to request a suspension of the eight-year period for completion of the service obligation and the conditions under which a suspension may be granted in accordance with §686.41;

(iv) Provide the grant recipient with information about how to identify low-income schools and documented high-need fields;

(iv) Inform the grant recipient that, in order for the teaching to count towards the recipient's service obligation, the high-need field in which he or she has prepared to teach must be—

(A) One of the six high-need fields listed in §686.2; or

(B) A high-need field ~~that is~~ listed in the Nationwide List ~~at the time and~~ for the State in which the grant recipient ~~begins teaching in that field~~ teaches—

(1) ~~At the time the grant recipient begins teaching in that field, even if that field subsequently loses its high-need designation for that State; or~~

(2) For teaching service performed on or after July 1, 2010, at the time the grant recipient signed the agreement to serve or repay or received the TEACH Grant, even if that field subsequently loses its high-need designation for that State before the grant recipient begins teaching in that field; ~~However, a grant recipient who has more than one service obligation cannot satisfy all of the service obligations by teaching in the same high-need field unless that high-need field was listed in the Nationwide List for the State in which the grant recipient teaches at the time the grant recipient signed an agreement to serve or received a TEACH Grant associated with each of the grant recipient's service obligations.~~

~~(v) Explain that the grant recipient will be required to submit to the Secretary each year written documentation of his or her status as a highly-qualified teacher in a high-need field at a low-income school or of his or her intent to complete the four-year service obligation until the date that the service obligation has been met or the date that the grant becomes a Federal Direct Unsubsidized Loan, whichever occurs first;~~

~~(v) Explain to the grant recipient that the Secretary will regularly annually remind the recipient of the requirements that must be met to satisfy the service obligation, and of the timeframe within which the recipient must complete the service obligation if the grant recipient provides updated contact information to the Secretary as needed.;~~

(vi) Emphasize to the grant recipient that if the grant recipient fails or refuses to complete the service obligation contained in the agreement to serve or repay or **fails to meet** any other condition of the agreement to serve or repay –

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(A) The TEACH Grant must be repaid as a Direct Unsubsidized Loan; and

(B) The grant recipient will be obligated to repay the full amount of each grant and the accrued interest from each disbursement date;

(vii) Explain to the grant recipient that the Secretary will, at least annually during the service obligation period, send the recipient the notice described in §686.43(a)(2);-

(viii) Explain the circumstances, as described in §686.43, under which a TEACH Grant will be converted to a ~~Federal~~ Direct Unsubsidized Loan; ~~including an explanation that if the grant recipient requests that a TEACH Grant be converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(i), the conversion of the TEACH Grant to a loan cannot be reversed;~~

(ix) Explain that—

(A) ~~to~~To avoid further accrual of interest as described in §686.12(b)(4)(ii), a grant recipient who decides not to teach in a qualified school or field, or who for any other reason no longer intends to satisfy the service obligation, may request that the Secretary convert his or her TEACH Grant to a Direct Unsubsidized Loan that the grant recipient may begin repaying immediately, instead of waiting for the TEACH Grant to be converted to a loan under the condition described in §686.43(a)(1)(ii); and

(B) ~~If the grant recipient requests that a~~ the TEACH Grant be converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(i), the conversion of the TEACH Grant to a loan cannot be reversed;

(x) Emphasize that once a TEACH Grant is converted to a ~~Federal~~ Direct Unsubsidized Loan it ~~cannot~~ may be reconverted to a grant only if—

(A) The ~~Secretary determines that the grant~~ ~~has been determined to be~~ converted to a loan in error ~~by the Secretary~~; or

(B) In the case of a grant recipient whose TEACH Grant was converted to a Direct Unsubsidized Loan in accordance with §686.43(a)(1)(ii), within one year of the conversion date the grant recipient provides documentation showing that he or she ~~fully satisfied~~ is satisfying the service obligation within the eight-year service obligation period; and

(viii) Inform the grant recipient of the average anticipated monthly repayment amount based on a range of student loan indebtedness if the TEACH Grants convert to a Federal Direct Unsubsidized Loan;

(ix) Review for the grant recipient available repayment options if the TEACH Grant converts to a Federal Direct Unsubsidized Loan, including the standard repayment, extended repayment, graduated repayment, income-contingent and income-based repayment plans, and loan consolidation;

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~~(x) Suggest debt management strategies to the grant recipient that would facilitate repayment if the TEACH Grant converts to a Federal Direct Unsubsidized Loan;~~

~~(xi) Explain to the grant recipient how to contact the Secretary;~~

~~(xii) Describe the likely consequences of loan default, including adverse credit reports, garnishment of wages, Federal offset, and litigation;~~

~~(xiii) Review for the grant recipient the conditions under which he or she may defer or forbear repayment, obtain a full or partial discharge, or receive teacher loan forgiveness if the TEACH Grant converts to a Federal Direct Unsubsidized Loan;~~

~~(xiv) Review for the grant recipient information on the availability of the Department's Student Loan Ombudsman's office; and~~

~~(xv) Inform the grant recipient of the availability of title IV loan information in the National Student Loan Data System (NSLDS).~~

(5) If exit counseling is conducted through interactive electronic means, an institution must take reasonable steps to ensure that each grant recipient receives the counseling materials and participates in and completes the exit counseling.

(d) *Compliance.* The institution must maintain documentation substantiating the institution's compliance with §686.32(a) through (c) of this section for each TEACH Grant recipient.

(e) *Conversion counseling.* (1) ~~At the time a TEACH Grant recipient's TEACH Grant is converted to a Direct Unsubsidized Loan, the Secretary conducts c~~Conversion counseling ~~will be conducted by the secretary for each individual with converted grants with the recipient by interactive electronic means and by mailing written counseling materials to the address of record most recent address provided by the recipient. This counseling is to be conducted at the time of conversion.~~

~~(2) The conversion counseling must--~~

~~(i) Informs~~ the borrower of the average anticipated monthly repayment amount based on the borrower's indebtedness;

~~(ii) by reviewing~~ Reviews for the borrower available repayment plan options, including standard, graduated, extended, ~~income sensitive~~income-contingent, and income-based repayment plans, ~~;~~ Provide including a description of the different features of each plan and the difference in interest paid and total payments under each plan;

~~(iii)(iii)~~ Explains to the borrower the options to prepay each loan, to pay each loan on a shorter schedule, and to change repayment plans;

~~(iii)(iv)~~ Provides information on the effects of loan consolidation including, at a minimum -

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(A) The effects of consolidation on total interest to be paid, ~~fees to be paid~~, and length of repayment;

(B) The effects of consolidation on a borrower's underlying loan benefits, including grace periods, loan forgiveness, cancellation, and deferment opportunities; ~~and~~

(C) The options of the borrower to prepay the loan and to change repayment plans; ~~and~~

~~(iv)~~(v) ~~Includes~~ debt-management strategies that are designed to facilitate repayment;

~~(v)~~(vi) ~~Explains~~ to the borrower the availability of ~~Public Service Loan Forgiveness~~ and teacher loan forgiveness;

~~(vi)~~ ~~Explain to borrower how a converted loan will be treated with regard to teacher loan forgiveness;~~

~~(vi)~~(vii) ~~Provide information regarding the reconsideration process for the converted loan.~~ Explains how the borrower may request reconsideration of the conversion of the TEACH Grant to a Direct Unsubsidized Loan if the borrower believes that the grant was converted to a loan in error;

~~(vii)~~(viii) ~~Describes~~ the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;

~~(viii)~~(ix) ~~Informs~~ the borrower of the grace period as described in §686.43(c);-

~~(ix)~~(x) ~~Provides--~~

(A) A general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or discharge of ~~principle and interest~~ the loan (including under the Public Service Loan Forgiveness Program), defer repayment of the loan ~~principal or interest~~, or be granted a forbearance on ~~repayment of the a title IV~~ loan; and

(B) A copy, either in print or by electronic means, of the information the Secretary makes available pursuant to section 485(d) of the HEA;

~~(x)~~(xi) ~~Requires~~ the borrower to provide current information concerning name, address, social security number, and driver's license number and State of issuance, as well as the borrower's permanent address;

~~(xi)~~(xii) ~~Reviews~~ for the ~~student~~ borrower information on the availability of the Student Loan Ombudsman's office;

~~(xii)~~(xiii) ~~Informs~~ the borrower of the availability of title IV loan information in the National Student Loan Data System (NSLDS) and how NSLDS can be used to obtain title IV loan status information; ~~and a general description of the types of tax benefits that may be available to borrowers; and~~

(xiv) ~~Provides a general description of the types of tax benefits that may be available to borrowers; and an explanation of the interest accrued on the converted loans including a notice of interest capitalization after the grace period.~~

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~~(xiii)(xv) Provide an explanation~~ ~~of the amount of interest that has accrued on the converted loans~~ ~~TEACH Grants and explains that any unpaid interest will be capitalized at the end of including a notice of interest capitalization after~~ the grace period.

(Authority: 20 U.S.C. 1070g, *et seq.*)

§686.33 Frequency of payment.

§686.34 Liability for and recovery of TEACH Grant overpayments.

§686.35 Recalculation of TEACH Grant award amounts.

§686.36 Fiscal control and fund accounting procedures.

§686.37 Institutional reporting requirements.

§686.38 Maintenance and retention of records.

Subpart E—Service and Repayment Obligations

§686.40 Documenting the service obligation.

~~(a) Except as provided in §§686.41 and 686.42, within 120 days of completing or otherwise ceasing enrollment in a program of study for which a TEACH Grant was received, the grant recipient must confirm to the Secretary in writing that—~~

~~(1) He or she is employed as a full-time teacher in accordance with the terms and conditions of the agreement to serve described in §686.12; or~~

~~(2) He or she is not yet employed as a full-time teacher but intends to meet the terms and conditions of the agreement to serve described in §686.12.~~

~~(ab) If a grant recipient is performing full-time teaching service in accordance with the agreement to serve or repay, or agreements to serve or repay if more than one agreement exists, the grant recipient must, upon completion of each of the four required elementary or secondary academic years of teaching service, provide to the Secretary documentation of that teaching service on a form approved by the Secretary and certified by the chief administrative officer of the school or educational service agency in which the grant recipient is teaching. The documentation must show that the grant recipient is teaching in a low-income school. If the school at which the grant recipient is employed meets the requirements of a low-income school in the first year of the grant recipient's four elementary or secondary academic years of teaching and the school fails to meet those requirements in subsequent years, those subsequent years of teaching qualify for purposes of this section for that recipient.~~

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~~(c)(1) In addition to the documentation requirements in paragraph (b) of this section, the documentation must show that the grant recipient—~~

(1) Taught full-time in a low-income school as a highly-qualified teacher as defined in §686.2(d); and

(2)(i) Taught a majority of classes during the period being certified in any of the high-need fields of mathematics, science, a foreign language, bilingual education, English language acquisition, special education, or as a reading specialist; or

(ii) Taught a majority of classes during the period being certified in ~~a State in~~ another high-need field designated by that State and listed in the Nationwide List, ~~in accordance with §686.12(d). except that teaching service does not a grant recipient cannot satisfy the requirements of the agreement to serve if that by teaching service is in;~~

~~(A) In a geographic region of a State or in that has been designated in the Nationwide List as having a shortage of elementary or secondary school teachers; or (B) In a specific grade level not associated with a high-need field of a State that has been designated in the Nationwide List as having a shortage of elementary or secondary school teachers. except that teaching service does not satisfy the requirements of the agreement to serve if that teaching service is in a geographic region of a State or in a specific grade level not associated with a high-need field designated by a State in the Nationwide List as having a shortage of elementary or secondary school teachers.~~

(3) If the school or educational service agency at which the grant recipient is employed meets the requirements of a low-income school in the first year of the grant recipient's four elementary or secondary academic years of teaching and the school or educational service agency fails to meet those requirements in subsequent years, those subsequent years of teaching qualify for purposes of satisfying the service obligation described in §686.12(b).

~~(2) If a grant recipient begins qualified full-time teaching service in a State in a high-need field designated by that State and listed in the Nationwide List and in subsequent years that high-need field is no longer designated by the State in the Nationwide List, the grant recipient will be considered to continue to perform qualified full-time teaching service in a high-need field of that State and to continue to fulfill the service obligation.~~

~~(d) Documentation must also provide evidence that the grant recipient is a highly-qualified teacher.~~

(b) For purposes of completing the service obligation, the elementary or secondary academic year may be counted as one of the grant recipient's four complete elementary or secondary academic years if the grant recipient completes at least one-half of the elementary or secondary academic year and the

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grant recipient's school employer considers the grant recipient to have fulfilled his or her contract requirements for the elementary or secondary academic year for the purposes of salary increases, tenure, and retirement if the grant recipient is unable to complete an elementary or secondary academic year due to—

(1) A condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993 (FMLA) (29 U.S.C. 2612(a)(1) and (3)); or

(2) A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency; or

(3) Residing in or being 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)).

(cf) A grant recipient who taught in more than one qualifying school or qualifying educational service agency during an elementary or secondary academic year and demonstrates that the combined teaching service was the equivalent of full-time, as supported by the certification of one or more of the chief administrative officers of the schools or educational service agencies involved, is considered to have completed one elementary or secondary academic year of qualifying teaching.

(Authority: 20 U.S.C. 1070g, *et seq.*)

§686.41 Periods of suspension.

(a)(1) A grant recipient who has completed or who has otherwise ceased enrollment in a TEACH Grant-eligible program for which he or she received TEACH Grant funds may request a suspension from the Secretary of the eight-year period for completion of the service obligation based on—

(i) Enrollment in a program of study for which the recipient would be eligible for a TEACH Grant or in a program of study that has been determined by a State to satisfy the requirements for certification or licensure to teach in the State's elementary or secondary schools;

(ii) ~~Enrollment in a course;~~ Receiving State-required instruction or otherwise fulfilling requirements for licensure to teach in a State's elementary or secondary schools;

(iii) A condition that is a qualifying reason for leave under the FMLA; or

(iv) A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101, or service as a member of the National

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Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency;-

(v) ~~(A)~~ Military orders for the recipient's spouse for—

(A) ~~aA D~~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

(B) A change of permanent ~~duty~~ station from a location in the continental United States to a location outside of the continental United States or from a location in a state to any location outside of that state.; or

(vi) Residing in or being 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)).

(2) A grant recipient may receive a suspension described in paragraphs (a)(1)(i) through (vi); ~~(ii); (iii); (iv); and (iiiiv)~~ of this section in one-year increments that—

(i) Does not exceed a combined total of three years under ~~both~~ paragraphs (a)(1)(i), ~~and~~ (ii), and (iii) of this section; ~~or~~

(ii) Does not exceed a total of three years under paragraph (a)(1)~~(iii)~~(iv) of this section; ~~or~~

~~(iii)~~ Does not exceed a total of three years under paragraph (a)(1)(v) of this section; or

~~(iii)~~(iv) Does not exceed a total of three years under paragraph (a)(1)(vi) of this section.

(b) A grant recipient, or his or her representative in the case of a grant recipient who qualifies under paragraph (a)(1)~~(iii)~~(iv) or (vi) of this section, must apply for a suspension on a form approved by the Secretary, prior to being subject to any of the conditions under §686.43(a)(1) through (a)(5) that would cause the TEACH Grant to convert to a ~~Federal~~ Direct Unsubsidized Loan.

(c) A grant recipient, or his or her representative in the case of a grant recipient who qualifies under paragraph (a)(1)~~(iii)~~(iv) or (vi) of this section, must provide the Secretary with documentation supporting the suspension request as well as current contact information including home address and telephone number.

(d) On a case-by-case basis, the Secretary may grant a temporary suspension of the period for completing the service obligation if the Secretary determines that a grant recipient was unable to complete a full academic year of teaching or begin the next academic year of teaching due to exceptional circumstances significantly affecting the operation of the school or educational service agency where a grant recipient was employed or the grant recipient's ability to teach.

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(e) The Secretary notifies the grant recipient regarding the outcome of the application for suspension.

~~(Approved by the Office of Management and Budget under control number 1845-0083)~~

(Authority: 20 U.S.C. 1070g, *et seq.*)

[73 35495, June 23, 2008, as amended at 74 FR 55950, Oct. 29, 2009]

§686.42 Discharge of agreement to serve or repay.

(a) *Death.* (1) If a grant recipient dies, the Secretary discharges the obligation to complete the agreement to serve ~~or repay~~ based on—

- (i) An original or certified copy of the death certificate;
- (ii) An accurate and complete photocopy of the original or certified copy of the death certificate;
- (iii) An accurate and complete original or certified copy of the death certificate that is scanned and submitted electronically or sent by facsimile transmission; or
- (iv) Verification of the grant recipient's death through an authoritative Federal or State electronic database approved for use by the Secretary.

(2) Under exceptional circumstances and on a case-by-case basis, the Secretary discharges the obligation to complete the agreement to serve ~~or repay~~ based on other reliable documentation of the grant recipient's death that is acceptable to the Secretary.

(b) *Total and permanent disability.* (1) A grant recipient's agreement to serve ~~or repay~~ is discharged if the recipient becomes totally and permanently disabled, as defined in 34 CFR ~~682-200~~ **685.102**(b), and the grant recipient applies for and satisfies the eligibility requirements for a total and permanent disability discharge in accordance with 34 CFR 685.213.

~~(2) The eight-year time period in which the grant recipient must complete the service obligation remains in effect during the conditional discharge period described in 34 CFR 685.213(c)(2) unless the grant recipient is eligible for a suspension based on a condition that is a qualifying reason for leave under the FMLA in accordance with §686.41(a)(1)(ii)(D).~~

~~(3) Interest continues to accrue on each TEACH Grant disbursement unless and until the TEACH Grant recipient's agreement to serve is discharged.~~

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~~(4) If the grant recipient satisfies the criteria for a total and permanent disability discharge during and at the end of the three-year conditional discharge period, the Secretary discharges the grant recipient's service obligation.~~

~~(5) If at any time during or at the end of the three-year conditional discharge period, the Secretary determines that the grant recipient does not meet the eligibility criteria for a total and permanent disability requirements of the three-year period following the discharge as described in 34 CFR 685.213(b)(7), the Secretary ends the conditional discharge period and will notify the grant recipient is once again subject that the grant recipient's obligation to satisfy the terms of the agreement to serve or repay is reinstated.~~

(3) The Secretary's notification under paragraph (b)(2) of this section will—

(i) Include the reason or reasons for reinstatement;

(ii) Provide information on how the grant recipient may contact the Secretary if the grant recipient has questions about the reinstatement or believes that the agreement to serve or repay was reinstated based on incorrect information; and

(iii) Inform the TEACH Grant recipient that he or she must satisfy the service obligation within the portion of the eight-year period that remained after the date of the discharge.

~~(7)(4) If the TEACH Grant made to a recipient whose TEACH Grant agreement to serve or repay is reinstated is later converted to a Direct Unsubsidized Loan, the recipient will not be required to pay interest that accrued on the TEACH Grant disbursements from the date the agreement to serve or repay was discharged until the date the agreement to serve or repay was reinstated.~~

(c) *Military discharge.* (1) A grant recipient who has completed or who has otherwise ceased enrollment in a TEACH Grant-eligible program for which he or she received TEACH Grant funds and has exceeded the period of time allowed under §686.41(a)(2)(ii), may qualify for a proportional discharge of his or her service obligation due to an extended call or order to active duty status. To apply for a military discharge, a grant recipient or his or her representative must submit a written request to the Secretary.

(2) A grant recipient described in paragraph (c)(1) of this section may receive a—

(i) One-year discharge of his or her service obligation if a call or order to active duty status is for more than three years;

(ii) Two-year discharge of his or her service obligation if a call or order to active duty status is for more than four years;

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(iii) Three-year discharge of his or her service obligation if a call or order to active duty status is for more than five years; or

(iv) Full discharge of his or her service obligation if a call or order to active duty status is for more than six years.

(3) A grant recipient or his or her representative must provide the Secretary with—

(i) A written statement from the grant recipient's commanding or personnel officer certifying—

(A) That the grant recipient is on active duty in the Armed Forces of the United States;

(B) The date on which the grant recipient's service began; and

(C) The date on which the grant recipient's service is expected to end; or

(ii)(A) A copy of the grant recipient's official military orders; and

(B) A copy of the grant recipient's military identification.

(4) For the purpose of this section, the Armed Forces means the Army, Navy, Air Force, Marine Corps, ~~and the Coast Guard, a reserve component of the Armed Forces named in 10 U.S.C. 10101, or the~~ National Guard.

(5) Based on a request for a military discharge from the grant recipient or his or her representative, the Secretary will notify the grant recipient or his or her representative of the outcome of the discharge request. For the portion on the service obligation that remains, the grant recipient remains responsible for fulfilling his or her service obligation in accordance with §686.12.

~~(Approved by the Office of Management and Budget under control number 1845-0083)~~

(Authority: 20 U.S.C. 1070g, *et seq.*)

[73 FR 35495, June 23, 2008, as amended at 74 FR 55950, Oct. 29, 2009; 81 FR 76089, Nov. 1, 2016]

§686.43 Obligation to repay the grant.

(a)(1) The TEACH Grant amounts disbursed to the recipient will be converted into a ~~Federal~~ Direct Unsubsidized Loan, with interest accruing from the date that each grant disbursement was made and be collected by the Secretary in accordance with the relevant provisions of subpart A of 34 CFR part 685 if—

(~~1~~) The grant recipient, regardless of enrollment status, requests that the TEACH Grant be converted into a ~~Federal~~ Direct Unsubsidized Loan because he or she has decided not to teach in a

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qualified school or ~~field~~ educational service agency, or not to teach in a high-need field, or for any other reason; or

~~(2) Within 120 days of ceasing enrollment in the institution prior to completing the TEACH Grant-eligible program, the grant recipient has failed to notify the Secretary in accordance with §686.40(a);~~

~~(3) Within one year of ceasing enrollment in the institution prior to completing the TEACH Grant-eligible program, the grant recipient has not—~~

~~(i) Been determined eligible for a suspension of the eight-year period for completion of the service obligation as provided in §686.41;~~

~~(ii) Re-enrolled in a TEACH Grant-eligible program; or~~

~~(iii) Begun creditable teaching service as described in §686.12(b);~~

~~(4) The grant recipient completes the course of study for which a TEACH Grant was received and does not actively confirm to the Secretary, at least annually, his or her intention to satisfy the agreement to serve; or~~

~~(5) The grant recipient has completed the TEACH Grant-eligible program but has failed to begin or maintain qualified employment within the timeframe that would allow that individual to complete the service obligation within the number of years required under §686.12.~~

~~(2) At least annually during the service obligation period under §686.12, the Secretary notifies the grant recipient of—~~

~~(i) The terms and conditions that the grant recipient must meet to satisfy the service obligation;~~

~~(ii) The requirement for the grant recipient to provide to the Secretary, upon completion of each of the four required elementary or secondary academic years of teaching service, documentation of that teaching service on a form approved by the Secretary and certified by the chief administrative officer of the school or educational service agency in which the grant recipient taught and emphasize the necessity to keep copies of this information and copies of the recipient's own employment documentation;~~

~~(iii) The service years completed and the remaining timeframe within which the grant recipient must complete the service obligation;~~

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(iv) The conditions under which the grant recipient may request a temporary suspension of the period for completing the service obligation;

(v) The conditions as described under §686.43 (a)(1), under which the TEACH Grant amounts disbursed to the recipient will be converted into a Direct Unsubsidized Loan;

(vi) The potential total interest accrued;

(vii) The process by which the recipient may contact the Secretary to request reconsideration of the conversion, the deadline by which the grant recipient must submit the request for reconsideration, and a list of the specific documentation required by the Secretary to reconsider the conversion; and

(viii) An explanation that to avoid further accrual of interest as described in §686.12(b)(4)(ii), a grant recipient who decides not to teach in a qualified school or field, or who for any other reason no longer intends to satisfy the service obligation, may request that the Secretary convert his or her TEACH Grant to a Direct Unsubsidized Loan that the grant recipient may begin repaying immediately, instead of waiting for the TEACH Grant to be converted to a loan under the condition described in §686.43(a)(1)(ii).

(3) On or about 90 days before the date that a grant recipient's TEACH Grants would be converted to Direct Unsubsidized Loans in accordance with paragraph (a)(1)(ii) of this section, the Secretary notifies the grant recipient of the date by which the recipient must submit documentation showing that the recipient is satisfying the obligation.

(4) If the TEACH Grant amounts disbursed to a recipient are converted to a Direct Unsubsidized Loan, the Secretary notifies the recipient of the conversion and offers conversion counseling as defined in §686.32(e).

(5) If a grant recipient's TEACH Grant was converted to a Direct Unsubsidized Loan in accordance with paragraph (a)(1)(ii) of this section, the Secretary will reconvert the loan to a TEACH Grant if, within one year of the conversion date, the recipient provides the Secretary with documentation showing that he or she is satisfying the service obligation.

(6) If a grant recipient who requests reconsideration demonstrates to the satisfaction of the Secretary that a TEACH Grant was converted to a loan in error, the Secretary—

(i) RecConverts the loan to a TEACH Grant and—

(A) If the grant recipient completed one or more academic years of qualifying teaching service during the ~~time of the reconsideration the service would be counted~~ period between the date the grant recipient submitted the reconsideration request and the date the Secretary determined that the grant was converted to a loan in error, applies that teaching service toward the grant recipient's four-year service obligation requirement; or:

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(B) If the grant recipient did not complete any academic years of qualifying teaching service during the period between the date the grant recipient submitted the reconsideration request and the date the Secretary determined that the grant was converted to a loan in error, excludes that period from the eight-year period during which the grant recipient must complete the service obligation ~~it would be automatically suspended.~~

(ii) Ensures that the grant recipient receives credit for any payments that were made on the Direct Unsubsidized Loan that was reconverted to a TEACH Grant; ~~and~~

(iii) Notifies the recipient of the reconversion to a grant and explains that the recipient is once again responsible for meeting all requirements of the service obligation under §686.12; ~~and-~~

(iv) Requests deletion of ~~all~~ derogatory information reported to the consumer reporting agencies related to the grant while ~~in~~ it was in loan status and, ~~where applicable~~ upon a request from the grant recipient, furnishes a statement of error that the recipient may provide to creditors until the recipient's credit history has been corrected ~~consumers of the recipient's credit reports up until the time that the corrected information appears.~~

(7) If a grant recipient who requests reconsideration does not demonstrate to the satisfaction of the Secretary that a TEACH Grant was converted to a loan in error, the Secretary—

(i) Notifies the recipient that the loan cannot be converted to a TEACH Grant;

(ii) Explains the reason or reasons why the loan cannot be converted to a TEACH Grant; and

(iii) Explains how the recipient may contact the Federal Student Aid Ombudsman if he or she continues to believe that the TEACH Grant was converted to a loan in error.

(8) A TEACH Grant recipient remains obligated to meet all requirements of the service obligation under §686.12, even if the recipient does not receive the notices from the Secretary as described in paragraph (a)(2) of this section.

(b) A TEACH Grant that converts to a loan, and is treated as a ~~Federal~~ Direct Unsubsidized Loan, is not counted against the grant recipient's annual or ~~any~~ aggregate Stafford Loan limits.

(c) A grant recipient whose TEACH Grant has been converted to a ~~Federal~~ Direct Unsubsidized Loan—

(1) Enters a six-month grace period prior to entering repayment, and

(2) Is eligible for all of the benefits of the Direct Loan Program, ~~including an in-school deferment.~~

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(d) A TEACH Grant that is converted to a ~~Federal~~ Direct Unsubsidized Loan cannot be ~~re~~converted to a grant, ~~unless the Secretary grant has been determined that the grant was to be~~ converted to a loan in error.

(Authority: 20 U.S.C. 1070g, *et seq.*)