TEACH Grant
Conversion to Unsubsidized Stafford Loan
TEACH Grants will convert to an Unsubsidized Stafford Loan if:

- The student requests conversion, regardless of enrollment status.
- The student fails to notify U. S. Department of Education within 120 days of ceasing enrollment that he or she is employed, or still intends to pursue employment, as a full-time teacher per terms of ATS.
- Within 1 year of ceasing enrollment, the student has not:
  - been determined eligible for suspension
  - re-enrolled in TEACH Grant-eligible program
  - begun teaching per ATS.
TEACH Grants will convert to an Unsubsidized Stafford Loan if:

- The student completes a TEACH Grant-eligible program, and:
- does not actively confirm with U. S. Department of Education at least annually his or her intention to satisfy terms of ATS
- fails to begin or maintain qualifying employment within timeframe that would allow him or her to complete teaching service per ATS.

Why would my grant convert to a loan?
Suspension of 8-year Completion Requirement

- Up to 3-years of suspension can be requested in one-year increments
- The suspension must be requested before conversion to unsubsidized loan

Possible Reasons for suspension:
- Enrollment in TEACH Grant-eligible program or state approved teacher certification program
- Condition covered by Family and Medical Leave Act (FMLA)
- Call to active duty (unlimited suspension for military service)
If your TEACH Grant becomes an Unsubsidized Stafford Loan:

- interest accrues from date of disbursement.

- the loan cannot be converted back to TEACH Grant.
Unsubsidized Stafford Loan: Rights and Requirements

- Notify the U. S. Department of Education any time you have a change in name, address, telephone number, or any other status that would affect your loan.

- A fixed interest rate is established annually by the U. S. Department of Education.

- There are various payment plans from which to choose.
Unsubsidized Stafford Loan: Rights and Requirements

- Interest is charged on the principal balance from the date of disbursement.

- Interest accrued during the period prior to repayment or during deferment or forbearance periods will be capitalized (added to the principal balance) at the end each respective period.

- You may pay some or all of the interest that accrues during these periods to minimize capitalization.
Unsubsidized Stafford Loan: Rights and Requirements

- You may temporarily postpone monthly payments with a deferment or forbearance if you are unable to make payments.

- If you do not meet the requirements for a deferment, you may be able to reduce the amount of your payment which is an income sensitive plan or temporarily stop making payments by requesting forbearance.
Unsubsidized Stafford Loan: Rights and Requirements

- Deferments are entitlements, if you meet specific requirements.
- Common deferments include:
  - In-school (must be at least half-time)
  - Graduate Fellowship program
  - Rehabilitation Training program
  - Unemployment
  - Economic Hardship
  - Military Service
Unsubsidized Stafford Loan: Rights and Requirements

Discharge options:

- if you are totally and permanently disabled (subject to a three-year conditional period) or in case of death.

- Public service loan forgiveness is available on the remaining balance of your loans:

  - after you have made 120 monthly payments (specific payment plan restrictions apply)

  - if you were employed in certain public service jobs during the full 120 months.

Is there any way to get rid of the loan?
Other information:

Average Monthly Payments:
- Minimum $50
- Based on indebtedness

Failure to pay results in loan default and/or:
- Adverse Credit Reports
- Wage Garnishment
- Federal Offset
- Litigation
Sample Repayment Amounts:

<table>
<thead>
<tr>
<th>Principal of Loan</th>
<th>Interest Rate</th>
<th>Number of Payments</th>
<th>Monthly Payments</th>
<th>Total Cost of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2000</td>
<td>6.8%</td>
<td>45</td>
<td>$50</td>
<td>$250</td>
</tr>
<tr>
<td>$4000</td>
<td>6.8%</td>
<td>107</td>
<td>$50</td>
<td>$1350</td>
</tr>
<tr>
<td>$8000</td>
<td>6.8%</td>
<td>120</td>
<td>$92.06</td>
<td>$3047.71</td>
</tr>
</tbody>
</table>
Important Note:

STUDENTS MUST CONTACT THE TEACH GRANTS OFFICE IF THEY WILL NOT BE ENROLLED FOR AN ACADEMIC TERM TO BE ADVISED ABOUT NEXT STEPS.

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