

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION**

Ashley Ford  
137 Lincoln Ave.  
Cuyahoga Falls, OH 44221.

and

David West  
1001 Elm Avenue  
Columbia, SC 29205.

On behalf of Themselves and all Others  
similarly situated,

Plaintiffs,

v.

Pennsylvania Higher Education Assistance  
Agency d/b/a FedLoan Servicing  
C/O CT Corporation System Dauphin  
116 Pine Street, Suite 320  
Harrisburg, PA 17101

Defendant.

Civil Action No.: 5:17-cv-49

Judge:

**CLASS ACTION COMPLAINT**

**JURY DEMAND ENDORSED HEREIN**

Plaintiffs, Ashley Ford and David West, (collectively, "Plaintiffs") by their undersigned counsel, file this Class Action Complaint on behalf of themselves and all others similarly situated (the "Class" as defined below) against Pennsylvania Higher Education Assistance Agency d/b/a FedLoan Servicing ("Defendant" or "PHEAA" or "FedLoan"). All allegations herein, other than those relating directly to Plaintiffs, are based on information and belief.

**INTRODUCTION**

1. This action seeks to protect teachers. Teachers are a vital centerpiece to the success and growth of this country. The strength of every profession grows out of the knowledge and skills that teachers instill in our country's youth. Yet, teachers are too often underappreciated, undercompensated, and undervalued. Worse, teachers are being taken advantage of and cheated by PHEAA.
2. Recognizing the need for teachers in high-need subject areas at low-income schools, Congress established the Teacher Education Assistance for College and Higher Education (TEACH) Grant program under the College Cost Reduction and Access Act.<sup>1</sup> The TEACH Grant program awards financial grants to college students who agree to teach in the high-need subject areas at these low-income schools for four years. If, for some reason, a student participating in the TEACH program chooses not to fulfill their obligation, the grant is converted into a loan.
3. The federal government hired PHEAA to be the exclusive servicer of the TEACH grants beginning in July 2013. As of June 30, 2015, PHEAA was servicing about \$444.5 million in TEACH Grants.
4. As TEACH administrator, PHEAA was obligated to receive certain certifications from teachers verifying compliance with their obligations under the TEACH Grant program and ensure that the Government also held up their end of the bargain.
5. Rather than properly administering these grants, Defendant instituted a fraudulent and deceptive pattern and practice of converting grants into interest-bearing loans, despite the fact that TEACH grant recipients fulfilled and continue to fulfill their teaching obligations in these high-need fields and low-income schools in compliance with their TEACH obligations.

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<sup>1</sup> See 20 U.S.C. § 1070g-2.

6. Worse, once notified about its wrongful conversion of a TEACH grant to a loan, PHEAA further fails to honor the TEACH grants – and further breaches its TEACH plan-related duties and obligations – by refusing to convert the loan back to a grant and failing to offer any recourse for these teachers as they continue to honor their teaching obligations.
7. As a result of PHEAA’s wrongful conduct, Plaintiffs and the other Class members are saddled with improperly converted, interest-bearing loans, on which PHEAA requires them to make monthly payments, even though they continue to fulfill their teaching obligations.
8. PHEAA has abused, and continues to abuse, the TEACH Grant program, the teachers, and the education system in order to increase the value of its portfolio and, commensurately, to increase its profits at the expense of Plaintiffs and other Class members, who have held up their end of the bargain only to be cheated by PHEAA for its own financial gain. Plaintiffs and the other Class members have been damaged by PHEAA’s unfair, deceptive, and illegal conduct in an amount to be determined at trial.

***Plaintiff Ashley Ford***

9. Ashley Ford entered into the TEACH Grant program on September 2, 2009 while she was working on her master’s degree at Kent State University.
10. In order to receive a TEACH Grant, Ms. Ford executed a TEACH Grant Agreement to Serve, which sets forth the parties’ rights and obligations under the TEACH Grant program. A true and accurate copy of her agreement is attached as Exhibit A hereto.
11. Ms. Ford received \$7,000 in Grants over three years under the TEACH Grant program.
12. In exchange for the \$7,000 in grants, Ms. Ford agreed to teach:
  - a. in a high-need field;

- b. at an elementary school, secondary school, or educational service agency that serves students from low-income families;
  - c. for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which she received the grant.<sup>2</sup>
13. Additionally, Ms. Ford agreed to “submit evidence of such employment in the form of a certification by the chief administrative officer of the school upon completion of each year of such service.”<sup>3</sup> (“certification paperwork”).
14. If Ms. Ford failed to satisfy her teaching obligation, the TEACH Grant would be converted to an unsubsidized loan that she would be required to pay back, with capitalized interest accruing from the date the TEACH Grant was initially disbursed to her.
15. It is not in dispute that Ms. Ford has met all of her teaching requirements as outlined in her TEACH Grant Agreement to Serve.
16. Ms. Ford is a special education teacher at Stanton Middle School in Kent, Ohio.
17. Stanton Middle School is and was designated as a low-income school by the Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits. (*See* page 2 of Exhibit A)
18. Special education is a high-need field, as specifically enumerated in Ms. Ford’s Agreement to Serve. (*See* page 3 of Exhibit A.).
19. In her second to last year of serving under the Grant, PHEAA, through their servicing entity, FedLoan, fraudulently converted her grants into loans for allegedly failing to submit her certification paperwork.

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<sup>2</sup> *Id.* ; (Exhibits A, B).

<sup>3</sup> *Id.* at § 1070g-2(b)(1)(D).

20. Ms. Ford received her certification paperwork while on maternity leave, which required her to ask a co-worker to get the paperwork, take it into school to get her principal's signature, and return it to her, which she did.
21. Ms. Ford was caring for her new born child and she inadvertently left a single signature from the paperwork.
22. FedLoan Servicing mailed her new paperwork, informing her that she would need to complete and submit all new paperwork rather than simply returning her old paperwork so that she could add the one missing signature. When she received the second set of paperwork, she was still on maternity leave.
23. She faxed the second set of paperwork to FedLoan as soon as practical due to her maternity leave and spoke to someone by phone at FedLoan who assured her that it would not be an issue.
24. However, due to this minute inadvertence in her first set of paperwork, and contrary to the assurances that she received, FedLoan converted her Grants into Loans in December of 2014.
25. Ms. Ford immediately spoke with a representative at FedLoan about her situation and they informed her that she should send a dispute letter. On January 9, 2015, she sent a dispute letter and spoke with a representative that informed her that she would be contacted after her case was reviewed and a decision was made.
26. On April 6, 2015, she called FedLoan to inquire about the status of her case. She was told that the representative at FedLoan who had received her dispute letter had not submitted it correctly, therefore, it had never been reviewed. The new representative corrected the mistake while she was on the phone with Ms. Ford and stated that she

should “receive information about her case within thirty days, although it sometimes takes longer.”

27. On June 11, 2015, Ms. Ford called FedLoan again to check on the status of her dispute and was told that it was still under review. On July 2, 2015, she called FedLoan and was told that her dispute was denied, although she was never notified of this. The representative that she spoke with asked that she submit paperwork verifying that she was in fact on maternity leave when her original paperwork was due.
28. On July 13, 2015, Ms. Ford faxed paperwork regarding her time off of work and was told that she should receive a decision within thirty days, which she did not.
29. FedLoan has still not converted her Loans back into Grants even though Ms. Ford has done everything that has been asked of her, including, most importantly, continuing to fulfill her teaching obligation. In fact, Ms. Ford has completed her four-year teaching obligation as outlined in the Agreement to Serve and continues to teach in a high-need field at Stanton Middle School, a low-income school.
30. Ms. Ford is now burdened not only with the repayment of a \$7,000 loan but also with repayment of all accrued interest, which amounts to an additional \$1,997.09.
31. Because of the burden of having to repay these loans, Ms. Ford has had to ask for a forbearance of the loan repayment, which will result in the continued accrual of interest.
32. This is a quintessential example of PHEAA’s scheme to defraud teachers – wait for any minute mistake, then convert the Grant into a Loan – charging years of accrued interest, and then make it absolutely impossible to resolve the dispute.

***Plaintiff David West***

33. Plaintiff David West entered into the TEACH Grant program on December 20, 2010, while he was a student at the University of South Carolina.
34. In order to receive the TEACH Grant, Mr. West executed a TEACH Grant Agreement to Serve, which sets forth the parties' rights and obligations under the TEACH Grant program. A true and accurate copy of her agreement is attached as Exhibit B hereto.
35. Mr. West received a \$4,000.00 grant under the TEACH Grant program.
36. In exchange for the \$4,000 in grants, Mr. West agreed to teach:
- a. in a high-need field;
  - b. at an elementary school, secondary school, or educational service agency that serves students from low-income families;
  - c. for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which he received the grant.<sup>4</sup>
37. Additionally, Mr. West agreed to "submit evidence of such employment in the form of a certification by the chief administrative officer of the school upon completion of each year of such service."<sup>5</sup> ("certification paperwork").
38. If Mr. West failed to satisfy his teaching obligation, the TEACH Grant would be converted to an unsubsidized loan that the he would be required to pay back, with capitalized interest accruing from the date the TEACH Grant was initially disbursed to him.
39. It is not in dispute that Mr. West has met all of his teaching requirements as outlined in his TEACH Grant Agreement to Serve.

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<sup>4</sup> *Id.* ; (Exhibits A, B).

<sup>5</sup> *Id.* at § 1070g-2(b)(1)(D).

40. Mr. West began teaching at White Knoll High School in August of 2012.
41. White Knoll High School is and was designated as a low-income school by the Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits. (*See* page 3 of Exhibit B).
42. Mr. West teaches Art, which is and was a field listed in the Teacher Shortage Area Nationwide Listing. (*See* page 3 of Exhibit B).
43. Mr. West believes in the mission behind the TEACH Grant program, i.e. to provide high quality teaching to low income schools that otherwise may not be able to recruit quality teachers such as Mr. West.
44. However, despite holding up his obligations under the Agreement to Serve, PHEAA improperly converted his grant into an interest-bearing loan.
45. While filling out his certification paperwork, Mr. West also inadvertently left out a signature, and the Principal of his school inadvertently left out the start and end dates of the academic year that was being certified.
46. When Mr. West was informed of this, he immediately took action to correct the mistake and informed PHEAA that he was in fact continuing to uphold his obligations.
47. Despite PHEAA being aware of this information, it still improperly converted his Grants into Student loans, charging him with \$809.14 in accrued interest and a principal balance of \$4,000.
48. Mr. West is now burdened with the repayment of a \$4,000 loan and the \$809.14 in accrued interest, \$62 per month over 10 years, despite the fact that Mr. West has completed his four-year teaching obligation as outlined in the Agreement to Serve and continues to teach in a high-need field at White Knoll High School, a low-income school.



49. Mr. West also went through the torment that is working with PHEAA, to no avail.

50. Mr. West exhausted all internal options through PHEAA and FedLoan, including working through FedLoan Servicing's Ombudsman Liaison line for the U.S. Department of Education Office of the Ombudsman. However, FedLoan concluded that the TEACH loan "cannot be transferred back to a Grant."

51. Because Mr. West continues to dispute the legitimacy of PHEAA's actions in improperly converting his Grants to Loans, and has refused, and continues to refuse to make payments on the improperly converted Loans, he has been threatened with wage garnishment, tax refund confiscation, legal action by the United States Department of Justice, and notification of default to the major credit bureaus.

52. Thus, again, pursuant to its scheme, PHEAA attempts to profit off of the hard work of teachers who are teaching in low-income schools in high-need fields who are attempting to mold children into successful adults.

### **JURISDICTION & VENUE**

53. This Court has original jurisdiction pursuant to 28 U.S.C. § 1332(d)(2)(A) because it is a civil class action, the aggregate amount in controversy exceeds \$5 million exclusive of interest and costs, and diversity of citizenship exists between Plaintiffs and PHEAA.

54. Venue is proper here because PHEAA regularly conducts business in this District and a substantial part of the events giving rise to the claims occurred here.<sup>6</sup>

55. This Court has personal jurisdiction over PHEAA because PHEAA conducts business throughout the United States, including this District, has substantial contacts with this District, and has engaged in the illegal scheme explained herein that was directed at and

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<sup>6</sup> 28 U.S.C. § 1391(b)(2).

had the intended effect of causing injury to persons and entities residing in, located in, or doing business in this District.

56. This Court has original jurisdiction pursuant to 28 U.S.C.A § 1331 and 18 U.S.C.A. § 1964(c).

57. Venue is proper in this jurisdictional district pursuant to 18 U.S.C. § 1965 and 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claim occurred in this District and because PHEAA is subject to personal jurisdiction in this judicial district.

### **PARTIES**

#### ***Plaintiffs***

58. Ashley Ford (f/k/a Ashley Cessna; “Ms. Ford”) is an Ohio citizen residing at 137 Lincoln Ave., Cuyahoga Falls, Ohio, 44221. Ms. Ford was accepted into the TEACH Grant program and received \$7,000 in grants. She began teaching at Stanton Middle School in Kent, Ohio in August 2006, and continues to teach there. FedLoan Services converted her grant into a loan on or around December 9, 2014. Despite holding up her end of the bargain for many years, FedLoan refuses to reconvert the loans to grants due to a minute technicality.

59. David West (“Mr. West”) is a South Carolina citizen, residing at 1001 Elm Avenue, Columbia, South Carolina 29205. Mr. West was accepted into the TEACH Grant program and received a \$4,000 grant. He began teaching in August 2012 at White Knoll High School in Lexington, South Carolina and continues to teach there. Mr. West’s TEACH Grant was wrongfully converted into a loan on December 17, 2013. Mr. West has repeatedly attempted to resolve the problem with FedLoan, to no avail.

***Defendants***

60. PHEAA was created in 1963 by the Pennsylvania General Assembly and is an independent political subdivision, which is self-described as a governmental instrumentality, engaged in non-governmental commercial activity throughout the United States, including the state of Ohio. PHEAA is engaged in nationwide commercial student-loan financial services. Upon information and belief, PHEAA is registered to do business in the state of Pennsylvania, entity number 619191. PHEAA is financially independent of the state of Pennsylvania, generates its own commercial revenue, and makes its own fiscal and policy decisions.

61. PHEAA established FedLoan Servicing – which shares its headquarters with PHEAA at 1200 North Seventh Street, Harrisburg, Pennsylvania, 17102 – to support the U.S. Department of Education’s ability to service student loans owned by the federal government. According to its website, FedLoan Servicing is the exclusive servicer approved by the U.S. Department of Education to service these loans, and it is “dedicated to supporting borrowers with easy and convenient ways to manage their student loans.”<sup>7</sup>

**FACTUAL ALLEGATIONS**

62. “The U.S. Department of Education estimates that our country will need approximately 430,000 new elementary and secondary teachers by the year 2020, particularly in high-need subject areas such as mathematics, science, and special education.”<sup>8</sup>

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<sup>7</sup> <https://myfedloan.org/about/index.shtml> (as of 9/7/2016).

<sup>8</sup> U.S. Gov’t Accountability Office, GAO-15-314, Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes, 1 (2015) (hereinafter “GAO-15-314”).

63. The TEACH Grant program, established by the College Cost Reduction and Access Act, was created to attract and retain qualified teachers for high-need subject areas at low-income schools.<sup>9</sup>
64. Pursuant to federal statute, a TEACH Grant assists students in paying for the cost of their education by providing grants of up to \$4,000 per year to students who are completing or plan to complete course work needed to begin a career in teaching and who agree to teach in a low-income school in a high-need field. Undergraduate students are eligible for a maximum of \$16,000 in grants, while graduate students can receive up to \$8,000 in TEACH Grants. As of 2015, more than \$593 million in grants have been awarded since the start of the program.<sup>10</sup>
65. High-need fields include bilingual education and English language acquisition, foreign language, mathematics, reading specialist, science, and special education, as well as any other field that has been identified as “high-need” by the federal government, a state government, or a local education agency, and that is included in the annual Teacher Shortage Area Nationwide Listing (Nationwide Listing).<sup>11</sup>
66. In order to receive a TEACH Grant, individuals must sign a TEACH Grant Agreement to Serve, which sets forth the parties’ rights and obligations under the TEACH Grant program. A true and accurate copy of such an agreement is attached as Exhibit A hereto.
67. For example, pursuant to the TEACH Grant contract, individuals agree to teach:
- a. in a high-need field;
  - b. at an elementary school, secondary school, or educational service agency that serves students from low-income families;

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<sup>9</sup> See 20 U.S.C. § 1070g-2.

<sup>10</sup> GAO-15-314.at pg.8.

<sup>11</sup> 20 U.S.C. § 1070g-2(b).

- c. for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which you received the grant.<sup>12</sup>

68. Additionally, participants must “submit evidence of such employment in the form of a certification by the chief administrative officer of the school upon completion of each year of such service.”<sup>13</sup> (“certification paperwork”).

69. If a TEACH Grant recipient fails to satisfy his or her teaching obligation, that recipient’s TEACH Grant is converted to an unsubsidized loan that the recipient must pay back, with capitalized interest accruing from the date the TEACH Grant was initially disbursed to that recipient.

#### ***PHEAA’S Role as Loan Servicer***

70. Student loan servicers are a crucial link between borrowers and lenders. Servicers – such as PHEAA – manage borrowers’ accounts, process monthly payments, manage enrollment in alternative repayment plans, and communicate directly with borrowers, including borrowers in distress.

71. The federal government contracts with loan servicers, such as PHEAA, to assist in administering TEACH Grants. PHEAA administers the TEACH Grants and handles payments, billing, and communications with the recipients. PHEAA’s duties also include reminding TEACH Grant recipients when their paperwork is due.

72. PHEAA can initiate the conversion of the grant into the loan. Almost all of the TEACH Grants – including all of the unsubsidized, interest-bearing loans at issue here – are administered by PHEAA.

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<sup>12</sup> *Id.* ; (Exhibits A, B).

<sup>13</sup> *Id.* at § 1070g-2(b)(1)(D).

73. Despite taking on this substantial responsibility and obligation, PHEAA has utterly failed to perform its duties as a loan servicer and to honor its obligations under the TEACH Grant program.
74. Among other things, PHEAA fails to adequately communicate with TEACH Grant recipients, fails to appropriately and timely notify recipients about their certification paperwork, and fails to appropriately determine whether grants should be converted to loans.
75. Rather than honoring the TEACH Grants when teachers are complying with their obligations, PHEAA intentionally, improperly, and illegally converts those grants into interest-bearing loans and refuses to reconvert the loan to a grant for those teachers holding up their end of the bargain. The conversion usually comes during the last two years of the teacher's four year obligation.
76. Many loan servicers, like PHEAA, are compensated by receiving a percentage of the unpaid balances of the loans they service. By converting TEACH Grants to loans, PHEAA increases the unpaid balance of loans it services, thereby illegally increasing its own revenues at the expense of Plaintiffs and other Class members.
77. PHEAA fraudulently entered into these Agreements to Serve with TEACH Grant recipients with the intention of improperly converting the grant into a loan for its own financial benefit.

***PHEAA's Pattern and Practice of Improper Conversions***

78. A 2015 U.S. Government Accountability Office (“GAO”) report that analyzed servicer data for TEACH Grants found that more than one-third of the recipients had their grants converted to interest-bearing loans.<sup>14</sup>
79. As September 2014, at least 2,252 grants were erroneously converted to loans.<sup>15</sup> The majority of these erroneous conversions occurred because the servicer failed to give the recipient 30 days from the final notification to certify that the recipient was teaching or intended to teach. Instead, PHEAA converted the grant to a loan within the 30-day window in which the recipient is permitted to respond.
80. PHEAA commonly communicated with TEACH Grant recipients via U.S. Mail.
81. Further, additional servicer errors for improperly converted grants include converting the grant to a loan before certification was due, failure to give the recipient 45 days from the first notice to certify, or a failure to give the recipient a full year from graduation to certify teaching.
82. A prime example of PHEAA’s illegal loan conversion conduct occurred at an elementary school in Idaho where every TEACH Grant recipient had his or her grant converted to a loan. In a rural Idaho elementary school of 32 certified teachers, seven teachers had received the TEACH Grant. *All* seven of those “grants” have been converted to unsubsidized loans.<sup>16</sup>
83. “[The U.S. Department of] Education established a dispute process to address concerns about TEACH Grants converted to loans in error, however, GAO found that [the U.S.

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<sup>14</sup> GAO-15-314.

<sup>15</sup> *Id.*

<sup>16</sup> Jennifer Zamora, *Feds Unfairly Convert Teacher Grants to Loans*, Idahoednews.org, May 26, 2014, available at: <http://www.idahoednews.org/voices/feds-unfairly-convert-grants-to-loans/>

Department of] Education and the servicer provide incomplete and inconsistent information to recipients about the availability of and criteria for disputing conversions. This is inconsistent with federal internal control standards that highlight effective external communication.”<sup>17</sup>

84. A separate independent study similarly found that nearly 40% of all students who have been awarded TEACH Grants have had their grants converted into loans.<sup>18</sup>

85. This is not the first time that PHEAA has been accused of improperly servicing government loans. An ongoing False Claims Act case involves allegations of PHEAA illegally inflating its loan portfolios to obtain higher subsidies from the federal government.<sup>19</sup>

#### ***PHEAA’s Failure to Reconvert Loans***

86. PHEAA further fails to provide any appropriate recourse for the victims of its erroneous conversions. Thus, Plaintiffs, and the other Class members are left with interest-bearing loans and no recourse.

87. Although PHEAA supposedly provides a *de jure* appeal process, the *de facto* appeal process is nonexistent. PHEAA erroneously tells recipients that once a grant is converted to a loan, it cannot be reinstated as a grant. PHEAA further fails to explain reasons that a conversion could be deemed erroneous, how the problem would be rectified, or the criteria considered in the adjudication process.

88. Worse, despite continuing to teach in high-need fields at low-income schools, because of PHEAA’s illegal conversion activities, Plaintiffs and the other Class members are now

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<sup>17</sup> GAO-15-314

<sup>18</sup> See Tamara Hiler and Lanae Erickson Hatalsky, *TEACH Grant Trap: Program to Encourage Young People to Teach Falls Short*, Third Way, Jan. 13, 2015, available at: <http://www.thirdway.org/memo/teach-grant-trap-program-to-encourage-young-people-to-teach-falls-short>.

<sup>19</sup> See *U.S. ex rel. Oberg v. Pennsylvania Higher Educ. Assistance Agency*, 745 F.3d 131 (4th Cir. 2014).



forced to make monthly payments on their converted loans or face wage garnishments, tax refund confiscation, and negative credit reporting consequences.

89. Rather than properly service the TEACH Grants and adhere to the program, PHEAA is stifling the program's intent for its own economic interest and punishing teachers who continue to fulfill their TEACH Grant obligations.

90. Between the beginning of the TEACH Grant program in the 2008-2009 school year and October 2014, more than 112,000 students have received grants, and the number of students increased in the following years. However, after PHEAA began servicing the program in July 2013, participation in the program has been declining.

91. For example, in 2012 there were 20,670 undergraduate participants. In 2014, there were 17,055 participants, marking a 3,615 or a 17% participant decrease. In 2012, there were 18,471 graduate participants. In 2014, there were 16,089 participants, marking a 2,382 or roughly a 13% participant decrease.<sup>20</sup>

92. Plaintiffs and the other Class members are recipients of these TEACH Grants and agreed to fulfill their obligation to teach in these high-need fields at low-income schools. Plaintiffs and the other Class members fulfilled or are continuing to fulfill their teaching obligations.

93. PHEAA's improper conversions of these grants to interest-bearing loans has devastating consequences for Plaintiffs and the other Class members, including significant monthly payments and negative impacts on credit history.

### **CLASS ACTION ALLEGATIONS**

94. Pursuant to Federal Rules of Civil Procedure 23(a), (b)(2), and (b)(3), Plaintiffs bring this action on behalf of themselves and all others similarly situated. The class is defined as :

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<sup>16</sup>See GAO-15-314 at pg. 14.

All persons in the United States who received a TEACH Grant serviced by PHEAA and who submitted documentation demonstrating they are fulfilling their obligation, and had their grant converted to an interest-bearing loan from July 2013 to present.

95. Excluded from the Class are PHEAA and its officers, directors, management, employees, subsidiaries or affiliates, any Judge to whom this action is assigned and any member of such Judge's staff and immediate family, PHEAA's counsel and their families, and all federal governmental entities.
96. Members of the class are so numerous and geographically dispersed that joinder is impracticable. Upon information and belief, there are thousands of Class Members as more than 2,000 grants have been improperly converted, at minimum. Further, the Class is readily identifiable from information and records maintained by PHEAA.
97. Plaintiff's claims are typical of the claims of the members of the Class. Plaintiffs and all members of the Class were damaged by the same wrongful conduct of PHEAA. Plaintiff's claims and claims of the putative Class originate from the same fraudulent and unfair practices of PHEAA. If brought and prosecuted individually, the claims of each putative class member would necessarily require proof of the same material and substantive facts, rely upon the same remedial theories, and seek the same relief. Plaintiffs would fairly and adequately protect the interests of the members of the putative class.
98. PHEAA acted on grounds generally applicable to the entire Class, therefore injunctive relief is appropriate. Such generally applicable conduct is inherent in PHEAA's wrongful conduct.

99. Questions of law and fact common to the members of the Class predominate over questions that may affect only individual Class members. Questions of law and fact common to the Class include but are not limited to:

- a. Whether PHEAA's conduct in fraudulently converting grants into loans violates the Racketeer Influenced Corrupt Organizations Act.
- b. Whether PHEAA's conduct breaches the contracts entered into by PHEAA and Plaintiffs;
- c. Whether PHEAA's conduct constitutes unjust enrichment;
- d. Whether Plaintiffs and the Class are entitled to recover compensatory, statutory, treble, and/or putative damages based on PHEAA's conduct alleged herein;
- e. Whether Plaintiffs and the Class are entitled to injunctive relief enjoining PHEAA from further engaging in unfair and deceptive practices alleged herein;
- f. Whether Plaintiff and the putative Class are entitled to recover attorney's fees.

100. These and other questions of law and fact are common to the Class and predominate over any questions affecting only individual Class Members, including legal and factual issues relating to liability and damages.

101. PHEAA's conduct was generally applicable to the Class, thereby making final injunctive relief appropriate with respect to the Class as a whole.

102. This class action is superior to any alternatives for the fair and efficient adjudication of this controversy. There will be no material difficulty in the management of this action as

a class action. Class treatment will also permit the adjudication of relatively small claims by Class Members who otherwise could not afford to litigate the claim, such as those asserted herein. Prosecution as a class action will eliminate the possibility of repetitive litigation. Treatment as a class action will permit a large number of similarly situated persons to adjudicate their common claims in a single forum simultaneously, effectively, and without the duplication of effort and expense that numerous individual actions would produce.

103. The prosecution of separate actions by individual Class Members would create the risk of inconsistent or varying judgments, establishing incompatible standards of law for PHEAA.

104. Class action treatment also is superior to any alternative method to compensate the victims of PHEAA's unlawful conduct – Plaintiffs and the proposed Class – for the injuries they have suffered as a direct result of PHEAA's conduct.

### **COUNT I**

#### **RICO § 1962(c)**

105. Plaintiffs incorporate and re-allege all other paragraphs in this Complaint by reference as though fully rewritten herein.

106. Defendant is liable to Plaintiffs under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961, *et seq.*, (“RICO”).

107. PHEAA is an enterprise as defined by 18 U.S.C. § 1961(4).

108. PHEAA is engaged in and its activities affect interstate commerce.

109. PHEAA did conduct and participate in the conduct of the PHEAA's affairs through a pattern of racketeering activity for the unlawful purpose of intentionally defrauding Plaintiff.
110. Specifically, Defendant committed mail fraud under 18 U.S.C.A. § 1341.
111. On December 17, 2013, Defendant fraudulently converted Mr. David West's TEACH Grant to a Direct Unsubsidized Loan.
112. Defendant used U.S. Mail in furtherance this fraudulent scheme.
113. On December 9, 2014, Defendant fraudulently converted Ms. Ford's TEACH Grant to a Direct Unsubsidized Loan.
114. Defendant used U.S. Mail to further this fraudulent scheme.
115. Defendant committed fraud by inducing Plaintiffs to accept the TEACH Grant and teach at qualified schools in high-need subject fields knowing it was going to unjustifiably convert these Grants into unsubsidized, interest bearing loans.
116. Defendant's representations that these Grants would not be converted to loans was material to the scheme to defraud Plaintiffs.
117. Defendant knowingly converted these loans without justification.
118. The acts of converting Mr. West and Ms. Ford's Grants into loans, set forth above, constitutes a pattern of racketeering activity pursuant to 18 U.S.C. § 1961(5).
119. These illegal conversions constitute at least two predicate acts in an ongoing scheme.
120. Defendants are engaged in an open-ended scheme to fraudulently convert many TEACH Grants into interest bearing loans.
121. The illegal conversion of TEACH Grants into loans is part of Defendant's way of doing business.

122. Defendants continue to fraudulently convert TEACH Grants into interest bearing loans.
123. Defendant has directly and indirectly conducted and participated in the conduct of the enterprise's affairs through the pattern of racketeering and activity described above in violation of 18 U.S.C. § 1962(c).
124. As a direct and proximate result of the Defendant's racketeering activities and violations of 18 U.S.C. § 1962(c), Plaintiffs have been injured in their business and property in that these Grants are now allegedly due and owing and have been accruing interest from when Plaintiffs signed the Agreement to Serve. (Exhibit A and B).
125. Plaintiffs are entitled to damages, treble damages, punitive damages, attorney's fees, and costs for PHEAA's violations.

## **COUNT II**

### **Breach of Contract**

126. Plaintiffs incorporate and re-allege, as though fully set forth herein, each of the paragraphs set forth above.
127. Plaintiffs and Class members entered into a contract with PHEAA entitled Agreement to Serve. (Representative copies of the contract are attached as Exhibits A and B).
128. Pursuant to Section C, item 1, of the contract each participant in the TEACH grant program agreed to fulfill a service obligation of teaching for four years in a low-income school, high need field, and meet the requirements for a high-quality teacher.
129. Pursuant to Section C, item 2, of the contract each participant in the TEACH grant program is required to provide the U.S. Department of Education with certification of their teaching after completing each of the four required school years.

130. Plaintiffs and Class members have performed or substantially performed all material terms of their obligations under the contract.

131. Despite plaintiffs and class member substantially complying with the contract PHEAA breached its duty by improperly converting the grants to interest-bearing loans.

132. As a proximate consequence of PHEAA's improper conduct in breaching the contract, the Plaintiffs and Class members suffered injury.

### **COUNT III**

#### **Unjust Enrichment**

133. Plaintiffs incorporate and re-allege, as though fully set forth herein, each of the paragraphs set forth above.

134. PHEAA has been unjustly enriched by receiving increased profits based on increased outstanding loan balances at the expense of Plaintiffs and Class members.

135. PHEAA has been unjustly enriched by gaining qualified teachers in high need areas.

136. PHEAA has knowingly, improperly, and unreasonably received and retained a benefit to the detriment of Plaintiffs and Class members. PHEAA's retention of these profits is inequitable.

137. PHEAA has knowingly, improperly, and unreasonably received and retained the benefit of having qualified teachers in high need areas but is enriched by illegally prohibiting these teachers from receiving the benefit of the TEACH Grant.

138. As a proximate consequence of PHEAA's improper conduct, the Plaintiffs and Class members were injured. PHEAA has been unjustly enriched and retention of funds under these circumstances would be unjust without payment.

**REQUEST FOR RELIEF**

WHEREFORE, Plaintiffs and Class members pray that the Court:

- A. Certify this action as a Class Action pursuant to Federal Rule of Civil Procedure 23, and appoint Plaintiffs as Class Representatives and its counsel of record as Class Counsel;
- B. Permanently enjoin PHEAA from sending collection letters to Plaintiffs or any member of the class, converting any grant to a loan for any member of the class, filing negative information with any credit reporting agency with regard to Plaintiffs or any member of the class, or collecting any payment from Plaintiffs or any member of the class;
- C. Enter judgment for the damages sustained by Plaintiffs and the Class defined herein, and for any additional damages, and penalties and other monetary relief provided by applicable law, including treble damages;
- D. For an order requiring PHEAA to institute a corrective review process to remedy PHEAA's wrongful conduct;
- E. Award Plaintiffs and Class members pre-judgment and post-judgment interest as provided by law, including that such interest be awarded at the highest legal rate from and after the date of service of the complaint in this action;
- F. Award Plaintiffs and Class members damages, treble damages, punitive damages, attorney's fees; and
- G. Award such other relief as the Court deems just and proper.

Dated: January 6, 2017

Respectfully submitted,  
DOUCET & ASSOCIATES CO., LPA



s/ Troy J. Doucet \_\_\_\_\_  
Troy J. Doucet (0086350)  
*Attorney for Plaintiffs Ashely Ford et al.*  
700 Stonehenge Parkway, 2B  
Dublin, Ohio 43017  
(614) 944-5219 PH  
(818) 638-5548 FAX  
Troy@TroyDoucet.com

**JURY TRIAL DEMANDED**

Plaintiffs respectfully request a jury trial on all triable issue.

s/ Troy J. Doucet \_\_\_\_\_  
Troy J. Doucet (0086350)

# CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

**I. (a) PLAINTIFFS**  
 Ashley Ford  
 137 Lincoln Ave.  
 Cuyahoga Falls, OH 44221

David West  
 1001 Elm Avenue  
 Columbia, SC 29205

On behalf of Them-  
 selves and all Others  
 similarly situated

**(b)** County of Residence of First Listed Plaintiff Summit County  
 (EXCEPT IN U.S. PLAINTIFF CASES)

**(c)** Attorneys (Firm Name, Address, and Telephone Number)

**DEFENDANTS**

County of Residence of First Listed Defendant \_\_\_\_\_  
 (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

1 U.S. Government Plaintiff

3 Federal Question (U.S. Government Not a Party)

2 U.S. Government Defendant

4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)

	PTF	DEF		PTF	DEF
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4	<input type="checkbox"/> 4
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business In Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6

**IV. NATURE OF SUIT** (Place an "X" in One Box Only) Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<b>PERSONAL INJURY</b> <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input checked="" type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	LABOR	SOCIAL SECURITY	
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	<b>Habeas Corpus:</b> <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <b>Other:</b> <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act	<input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))	
			IMMIGRATION	FEDERAL TAX SUITS	
			<input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	

**V. ORIGIN** (Place an "X" in One Box Only)

1 Original Proceeding

2 Removed from State Court

3 Remanded from Appellate Court

4 Reinstated or Reopened

5 Transferred from Another District (specify)

6 Multidistrict Litigation - Transfer

8 Multidistrict Litigation - Direct File

**VI. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):  
 18 U.S.C. 1961, et seq.

Brief description of cause:  
 Racketeer Influenced and Corrupt Organization ("RICO")

**VII. REQUESTED IN COMPLAINT:**

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$ \_\_\_\_\_

CHECK YES only if demanded in complaint:  
 JURY DEMAND:  Yes  No

**VIII. RELATED CASE(S) IF ANY** (See instructions):

JUDGE \_\_\_\_\_ DOCKET NUMBER \_\_\_\_\_

DATE: 01/06/2017

SIGNATURE OF ATTORNEY OF RECORD: s/ Troy J. Doucet

FOR OFFICE USE ONLY

RECEIPT # \_\_\_\_\_ AMOUNT \_\_\_\_\_ APPLYING IFP \_\_\_\_\_ JUDGE \_\_\_\_\_ MAG. JUDGE \_\_\_\_\_

Print

Save As...

Reset

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OHIO

I. Civil Categories: (Please check one category only).

- 1.  General Civil
- 2.  Administrative Review/Social Security
- 3.  Habeas Corpus Death Penalty

\*If under Title 28, §2255, name the SENTENCING JUDGE: \_\_\_\_\_

CASE NUMBER: \_\_\_\_\_

II. **RELATED OR REFILED CASES.** See LR 3.1 which provides in pertinent part: "If an action is filed or removed to this Court and assigned to a District Judge after which it is discontinued, dismissed or remanded to a State court, and subsequently refiled, it shall be assigned to the same Judge who received the initial case assignment without regard for the place of holding court in which the case was refiled. Counsel or a party without counsel shall be responsible for bringing such cases to the attention of the Court by responding to the questions included on the Civil Cover Sheet."

This action is  **RELATED** to another **PENDING** civil case. This action is  **REFILED** pursuant to **LR 3.1**.

If applicable, please indicate on page 1 in section VIII, the name of the Judge and case number.

III. In accordance with Local Civil Rule 3.8, actions involving counties in the Eastern Division shall be filed at any of the divisional offices therein. Actions involving counties in the Western Division shall be filed at the Toledo office. For the purpose of determining the proper division, and for statistical reasons, the following information is requested.

ANSWER ONE PARAGRAPH ONLY. ANSWER PARAGRAPHS 1 THRU 3 IN ORDER. UPON FINDING WHICH PARAGRAPH APPLIES TO YOUR CASE, ANSWER IT AND STOP.

(1) **Resident defendant.** If the defendant resides in a county within this district, please set forth the name of such county

**COUNTY:**

Corporation For the purpose of answering the above, a corporation is deemed to be a resident of that county in which it has its principal place of business in that district.

(2) **Non-Resident defendant.** If no defendant is a resident of a county in this district, please set forth the county wherein the cause of action arose or the event complained of occurred.

**COUNTY:** Summit County

(3) **Other Cases.** If no defendant is a resident of this district, or if the defendant is a corporation not having a principle place of business within the district, and the cause of action arose or the event complained of occurred outside this district, please set forth the county of the plaintiff's residence.

**COUNTY:**

IV. The Counties in the Northern District of Ohio are divided into divisions as shown below. After the county is determined in Section III, please check the appropriate division.

**EASTERN DIVISION**

AKRON

(Counties: Carroll, Holmes, Portage, Stark, Summit, Tuscarawas and Wayne)

CLEVELAND

(Counties: Ashland, Ashtabula, Crawford, Cuyahoga, Geauga, Lake,

Lorain, Medina and Richland)

YOUNGSTOWN

(Counties: Columbiana, Mahoning and Trumbull)

**WESTERN DIVISION**

TOLEDO

(Counties: Allen, Auglaize, Defiance, Erie, Fulton, Hancock, Hardin, Henry, Huron, Lucas, Marion, Mercer, Ottawa, Paulding, Putnam, Sandusky, Seneca VanWert, Williams, Wood and Wyandot)

## INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

### Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.  
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.  
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.  
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.  
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.  
 Original Proceedings. (1) Cases which originate in the United States district courts.  
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.  
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.  
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.  
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.  
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.  
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.  
**PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.  
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.  
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.



## ATS Step 4 - Submit ATS

SHOW HELP

- ✓ 1. School Info
- ✓ 2. Student Info
- ✓ 3. Review Draft
- 4. Submit ATS

Please review the complete contents of your Draft Agreement to Serve (ATS).

1. Verify the accuracy of the information that you have entered.
2. If you need to change your school information, click "School Info."
3. If you need to change your contact information or reference information, click "Student Info."
4. Read ALL sections of the ATS including:
  - TEACH Grant Program Terms and Conditions,
  - Terms and Conditions and Borrower's Rights and Responsibilities Statement for TEACH Grants That Are Converted to Direct Unsubsidized Loans,
  - Important Notices, and
  - Grant Recipient's Agreement to Serve, Promise to Repay for Failure to Meet Service Obligation, and Authorizations.

Before you can continue, you must confirm that you have read and agree to all sections of the ATS by clicking on the checkbox at the bottom of the page.

You must also sign your electronic ATS by filling out the form at the bottom of the page with your First Name, Middle Initial, and Last Name as they appear in SECTION A, 4. below.

When you have verified the accuracy of your data, read, understood and agreed to ALL sections of the ATS, and signed your electronic ATS, click NEXT.

OMB No. [REDACTED]  
 Form Approved  
 Exp. Date 11/30/2008

## Teacher Education Assistance for College and Higher Education Grant Program

### AGREEMENT TO SERVE 2009-2010

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

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

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

# EXHIBIT A

**SECTION A: TEACH GRANT RECIPIENT INFORMATION**

1. Driver's License State and Number  
OH [REDACTED]

2. Social Security Number  
[REDACTED]

3. E-Mail Address (optional)  
[REDACTED]

4. Name and Address  
CESSNA, ASHLEY  
2122 11TH STREET SW  
AKRON, OH 44314

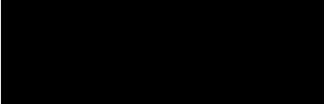
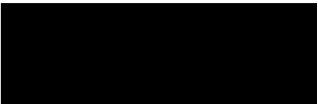
5. Date of Birth  
[REDACTED]

6. Area Code/Telephone Number  
[REDACTED]

7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

JACKIE J CESSNA

AMANDA M FORD



**SECTION B: INSTITUTIONAL INFORMATION**

8. Institution Name and Address  
KENT STATE UNIVERSITY  
EXECUTIVE OFFICE, 2ND FLOOR LIBRARY  
KENT, OH 44242

9. Institution Code/Branch  
00305100

10. Identification Number  
TO BE COMPLETED

**SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS**

The following terms and conditions apply to any TEACH Grant funds I receive for the 2009-2010 award year (July 1, 2009 through June 30, 2010):

**1. Service obligation.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

service that I completed for the first program may be applied to my service obligation for the second program.

## 2. Documentation of service obligation.

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

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

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

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

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

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

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

## 3. Temporary suspension of period for completing service obligation.

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

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



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

**C.** I must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

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

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

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

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

**B.** If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

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

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

**5. Discharge of a TEACH Grant service obligation.**

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

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

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

#### **6. Cancellation of a TEACH Grant.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4. Legal notices.**

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

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

**5. Information you must report to us.**

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

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

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

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

**7. Interest rate.**

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

**8. Payment of interest.**

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

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

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

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

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

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

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

#### 9. Repayment incentive programs.

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

##### *Interest Rate Reduction for Electronic Debit Account Repayment*

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

#### 10. Grace period and repayment of your loan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **11. Late charges and collection costs.**

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

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

#### **12. Demand for immediate repayment.**

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

#### **13. Defaulting on your loan.**

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

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

If you default:

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

#### **14. Credit bureau notification.**

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

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

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

#### **15. Deferment and forbearance (postponing payments)**

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

##### **Deferment**

You may receive a deferment while you are:

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

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

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

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

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

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

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

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

##### **Forbearance**

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

We will give you a forbearance if:

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

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

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

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

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

#### **16. Discharge (having your loan forgiven).**

We will discharge (forgive) your loan if:

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

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

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

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

HEA (20 U.S.C. 1091(a)(4)) and §31001(i)(1) of the Debt Collection Improvement Act of 1996 (31 U.S.C. 7701(c)). Participating in the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program and/or the William D. Ford Federal Direct Loan (Direct Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

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

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

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

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

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

#### **FINANCIAL PRIVACY ACT NOTICE**

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

#### **PAPERWORK REDUCTION NOTICE**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. The time required to complete this information collection is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data sources, gather and maintain the data needed, and complete and review the information. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving the form, please write to: U.S. Department of Education, Washington, DC 20202-4700.**

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

U.S. Department of Education  
Common Origination and Disbursement School Relations Center



Attn: Applicant Services  
PO Box 9002  
Niagara Falls, NY 14302

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

1. For any TEACH Grant I receive for the 2009-2010 award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.

2. For any TEACH Grant I receive for the 2009-2010 award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement—

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

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

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

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

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

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

7. TEACH Grant Recipient's Signature

ASHLEY E CESSNA

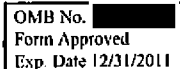
8. Today's Date

09/02/2009

**TRANSACTION HISTORY**

*Below is a summary of the actions that you completed during the electronic Agreement to Serve (ATS) process:*

<i>Your identity was confirmed by the PIN web site at:</i>	09/02/2009 21:21:24
<i>You completed the School Info section of your ATS at:</i>	09/02/2009 21:48:17
<i>You completed the Student Info section of your ATS at:</i>	09/02/2009 21:50:31



**Teacher Education Assistance for College and Higher Education  
Grant Program**

**AGREEMENT TO SERVE  
2010-2011**

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

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

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

**SECTION A: TEACH GRANT RECIPIENT INFORMATION**

**1. Driver's License State and Number**

SC [redacted]

**2. Social Security Number**

[redacted]

**3. E-Mail Address (optional)**

[redacted]

**4. Name and Address**

DAVID M WEST  
1001 ELM AVENUE  
COLUMBIA, SC 29205

**5. Date of Birth**

[redacted]

**6. Area Code/Telephone Number**

**EXHIBIT B**

[REDACTED]

7. References: List two persons with different U.S. addresses who have known you for at least three years. The first reference should be a parent or legal guardian.

TARYN L SHEKITKA-WEST

SHERRY L ANTH

[REDACTED]

[REDACTED]

**SECTION B: INSTITUTIONAL INFORMATION**

8. Institution Name and Address

UNIVERSITY OF SOUTH CAROLINA - COLUMBIA  
COLUMBIA-CAMPUS  
COLUMBIA, SC 29208

9. Institution Code/Branch

[REDACTED]

10. Identification Number

[REDACTED]

**SECTION C: TEACH GRANT PROGRAM TERMS AND CONDITIONS**

The following terms and conditions apply to any TEACH Grant funds I receive for the 2010-2011 award year (July 1, 2010 through June 30, 2011):

1. **Service obligation.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Example 4.* I complete an academic program for which I received a TEACH Grant and then fully satisfy my four-year service obligation

for that program. I later enroll in another program for which I receive a TEACH Grant. After completing the second program, I must complete four years of qualifying service to fulfill my service obligation for the second program. No portion of the qualifying service that I completed for the first program may be applied to my service obligation for the second program.

**2. Documentation of service obligation.**

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

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

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

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

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

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

Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

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

**3. Temporary suspension of period for completing service obligation.**

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

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

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

**C.** I must request a suspension, on a form approved by the Department, before I am subject to any of the conditions that would cause my TEACH Grant to be converted to a Direct Unsubsidized Loan, as described below in Item 4 of this section. If I do not request a suspension before I am subject to one of the conditions described in Item 4 of this section, my TEACH Grant will be converted to a Direct Unsubsidized Loan.

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

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

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

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

**B.** If a TEACH Grant that I receive is converted to a Direct Unsubsidized Loan, I will be responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, I will receive a six-month grace period that begins on the day after the grant is converted to a loan. I am not required to make payments on the Direct Unsubsidized Loan during this



six-month grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the six-month grace period ends.

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

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

**5. Discharge of a TEACH Grant service obligation.**

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

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

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

**6. Cancellation of a TEACH Grant.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**4. Legal notices.**

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

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

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

**5. Information you must report to us.**

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

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

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

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

**7. Interest rate.**

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

**8. Payment of interest.**

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

the date of the first TEACH Grant disbursement and continuing until the loan is repaid.

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

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

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

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

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

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

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

#### **9. Repayment incentive programs.**

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

##### *Interest Rate Reduction for Electronic Debit Account Repayment*

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

#### **10. Grace period and repayment of your loan.**

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

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

Loan payments that you make or that are made on your behalf will be applied first to late charges and collection costs that are due, then to interest that has not

been paid, and finally to the principal amount of the loan, except during periods of repayment under an Income-Based Repayment Plan, when payments will be applied first to interest that is due, then to fees that are due, and then to the principal amount.

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

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

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

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

- ***Standard Repayment Plan*** - Under this plan, you will make fixed monthly payments and repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period.
- ***Graduated Repayment Plan*** - Under this plan, you will usually make lower payments at first, and your payments will gradually increase over time. You will repay your loan in full within 10 years (not including periods of deferment or forbearance) from the date the loan entered repayment. No single payment will be more than three times the amount of any other payment.
- ***Extended Repayment Plan*** - Under this plan, you will repay your loan in full over a period not to exceed 25 years (not including periods of deferment or forbearance) from the date the loan entered repayment. You may choose to make fixed monthly payments or graduated monthly payments that start out lower and gradually increase over time. Your payments must be at least \$50 a month and will be more, if necessary, to repay the loan within the required time period. You are eligible for this repayment plan only if (1) you had no outstanding balance on a Direct Loan Program loan as of October 7, 1998 or on the date you obtained a Direct Loan Program loan after October 7, 1998, and (2) you have an outstanding balance on Direct Loan Program loans that exceeds \$30,000.
- ***Income Contingent Repayment Plan*** - Under this plan, your monthly payment amount will be based on your annual income (and that of your spouse if you are married), your family size, and the total amount of your Direct Loans. Until we obtain the information needed to calculate your monthly payment amount, your payment will equal the amount of interest that accrues each month on your loan

unless you request a forbearance. As your income changes, your payments may change. If your loan is not repaid in full after 25 years under this plan, the unpaid portion will be forgiven. You may have to pay income tax on any amount forgiven.

- ***Income-Based Repayment Plan(effective July 1, 2009)*** - Under this plan, your required monthly payment will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you meet certain requirements during a specified period of time, you may qualify for cancellation of any outstanding balance on your loans.

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

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

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

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

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

#### **11. Late charges and collection costs.**

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

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

#### **12. Demand for immediate repayment.**

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

#### **13. Defaulting on your loan.**

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

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

If you default:

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

#### **14. Consumer reporting agency notification.**

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

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

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

#### **15. Deferment and forbearance (postponing payments)**

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



on your loan, temporarily make smaller payments, or extend the time for making payments.

### **Deferment**

You may receive a deferment while you are:

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

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

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

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

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

Servicing Center confirms that you have been granted the same deferment for the same period of time on a FFEL Program loan.

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

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

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

### **Forbearance**

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

We will give you a forbearance if:

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

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

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

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

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

#### **16. Discharge (having your loan forgiven).**

We will discharge (forgive) your loan if:

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

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

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

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

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

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

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

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

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

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

#### **17. Loan consolidation.**

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

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

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

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

#### **19. AmeriCorps program education awards.**

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

## **SECTION E: IMPORTANT NOTICES**

### **GRAMM-LEACH-BLILEY ACT NOTICE**

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

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

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

### **PRIVACY ACT NOTICE**

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

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

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a TEACH Grant, and, if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, to determine your eligibility to receive a benefit on the

loan (such as a deferment, forbearance, discharge, or forgiveness), to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect and report on your loan(s) if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

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

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

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

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

enrollment status, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

#### **FINANCIAL PRIVACY ACT NOTICE**

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

#### **PAPERWORK REDUCTION NOTICE**

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a currently valid OMB control number. The valid OMB control number for this information collection is 1845-0083. The time required to complete this information collection is estimated to average 0.5 hours (30 minutes) per response, including the time to review instructions, search existing data sources, gather and maintain the data needed, and complete and review the information. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving the form, please write to:** U.S. Department of Education, Washington, DC 20202-4700.

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

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

<b>SECTION F: GRANT RECIPIENT'S AGREEMENT TO SERVE, PROMISE TO REPAY FOR FAILURE TO MEET SERVICE OBLIGATION, AND AUTHORIZATIONS</b>
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1. For any TEACH Grant I receive for the **2010-2011** award year, I agree to fulfill my service obligation as described in Section C of this Agreement, and to comply with all other terms and conditions of the TEACH Grant Program as described in this Agreement.
2. For any TEACH Grant I receive for the **2010-2011** award year that is converted to a Direct Unsubsidized Loan under one of the conditions described in Section C, Item 4 of this Agreement -
  - I promise to repay the full amount of the Direct Unsubsidized Loan to the Department, plus interest, in accordance with the Terms and Conditions for Direct Unsubsidized Loans as provided in Section D of this Agreement.

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

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

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

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

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

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

7. TEACH Grant Recipient's Signature

DAVID M WEST

8. Today's Date

12/20/2010 15:47:17

### Transaction History

Your identity was confirmed by the PIN web site at:	12/20/2010 15:40:47
You completed the School Info section of your ATS at:	12/20/2010 15:41:08
You completed the Student Info section of your ATS at:	12/20/2010 15:44:44



You reviewed your draft ATS and confirmed that you read all sections of the ATS, 12/20/2010 15:46:58  
and that you understood and agreed to all terms and conditions of the TEACH Grant  
Program as described in the ATS and you signed your ATS at:  
You submitted your ATS at: 12/20/2010 15:47:17

# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Lawsuit: PA Higher Education Assistance Agency Cheated Teachers](#)

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