

# **Massachusetts Assistance for Student Success Program**

## **III. NO INTEREST LOAN**

## **MASSACHUSETTS NO INTEREST LOAN PROGRAM**

In 1992, the Commonwealth of Massachusetts Legislature created the No Interest Loan (NIL) Program. The NIL program is designed to provide eligible, **Massachusetts residents** who demonstrate financial need, attending post-secondary educational institutions in Massachusetts with a state-funded loan. Administered by the Massachusetts Office of Student Financial Assistance, the NIL program offers **zero interest** loans to assist in meeting educational costs. Students have a period of ten (10) years to repay their NIL loan(s).

### **Program Statute**

Massachusetts General Laws, Chapter 15A; section 9, cc. provides:

“Administer a program, subject to appropriation, to provide no-interest loans to undergraduate students domiciled in the commonwealth, enrolled in and pursuing a program of higher education in the Commonwealth in any approved public or independent college, scientific or technical institution, or any other approved institution furnishing a program of higher education. Such assistance shall consist of full or partial loans to students in need of assistance. Repayment shall commence within six months of graduation or termination of studies; provided that no repayment schedule shall exceed a term of ten years. Monies received in repayment shall be retained by the Board of Higher Education for the administration of the program without further appropriation. The Massachusetts State Scholarship Office shall establish guidelines to govern said program which shall include, but not limited to, eligibility requirements for students, eligibility requirements for participating institutions, terms of payment, deferment options, provision for default, and a maximum and minimum loan award as determined by an indexing system.”

### **III. A. *Institutional Eligibility:***

Institutions wishing to participate in the No Interest Loan program must have signed a State Financial Aid Participation Agreement on file with the Massachusetts Office of Student Financial Assistance, meet the program’s loan cohort default rate requirements, as well as achieved established performance measures with respect to NIL loan exit counseling process. In addition, the institution must be either private, public, independent, for profit or nonprofit, issuing associate and/or bachelor degrees, or certificate programs and located in Massachusetts. The institution must be eligible to participate in Federal Title IV programs and fully accredited. The institution must continue to meet all the above and other requirements throughout its participation in the No Interest Loan program.

### **III. B *No Interest Loan Default:***

Students who are in default of a Massachusetts No Interest Loan are not eligible to receive assistance from any Massachusetts State financial aid programs until their default status has been cleared. A student is, however, eligible to retain funds from a Massachusetts State financial aid program if the institution was notified of the default status after the disbursement was made to the student’s account. The student is not eligible for any subsequent disbursement until the default status has been cleared. The NIL defaulters list is also available on-line at the MassAid portal

### **III. C Student Eligibility:**

Eligible students who meet the program requirements are included on a NIL Eligibility Roster, which is available to institutions at the beginning and throughout the NIL processing cycle. Schools can, at any point in time, produce and print their own NIL eligibility rosters directly from OSFA's web site. Students wishing to become eligible for a No Interest Loan for the academic year 2023-2024 must complete their 2023-2024 Free Application for Federal Student Aid (FAFSA) or state-equivalent form, by the priority deadline date of March 15, 2024. Because OSFA's determination of a student's eligibility is based on an Expected Family Contribution (EFC) derived from Federal Methodology (FM), the institution has the responsibility for validation of such EFC. Likewise, schools have the same responsibility to ensure that the borrower meets all other requirements of the No Interest Loan program prior to advancing a NIL award. The EFC and student dependency requirements are displayed herein (Exhibit A). A student's current year maximum eligibility is listed on the NIL Eligibility Roster under "Maximum Loan Amount". In view of the fact that the program has a lifetime borrowing limit of \$20,000, a student's aggregate loan history is taken into account when determining current year eligibility. The minimum initial NIL award a student can receive is \$1,000. Students are required to file all proper documentation including but not limited to; Entrance Interview Counseling, a signed Promissory Note, Disclosures and Exit Interview Counseling.

In addition to meeting the above requirements, students eligible for the NIL program must also meet the following conditions:

- Physically reside in Massachusetts for at least one year, as of the start of the enrolled term, with an intent to remain in Massachusetts consistent with Board of Higher Education policy;
- Be a U.S. Citizen, permanent legal resident, or non-citizen eligible under Title IV regulations; or have an approved eligibility status designated by the Board of Higher Education pursuant to Section 9 of Chapter 15A, as amended by Section 11 of Chapter 28 of the Acts of 2023;
- Complete the Free Application for Federal Student Aid (FAFSA), or another state-approved equivalent form, annually for consideration of assistance by any designated deadline, as may be determined by the Department of Higher Education, and comply with financial aid verification requirements in either the FAFSA or the alternative state-approved form, as applicable;
- Not yet received a bachelor's degree or its equivalent and currently pursuing a course of study in an eligible program at an eligible institution;
- Be enrolled full-time (minimum 12 credits per semester or its equivalent);
- Maintain satisfactory academic progress in accordance with the school's academic policy;
- Not be in default of any federal or state loans or owe a refund for any previous financial aid received;
- Must have a documented Estimated Family Contribution (EFC) between 0-15,000 at the institution;

- If enrolled in a clock hour program, the student must:
  - 1) complete a minimum of 24 clock hours per week
  - 2) complete a minimum of 320 hours during the period of July 1 – December 31 to qualify for a Fall disbursement
  - 3) complete a minimum of 320 hours during the period of January 1-June 30 to qualify for a Spring disbursement;
- If enrolled in English as Second Language (ESL) program courses, the student must be simultaneously enrolled either in a certificate, associate or bachelors degree program in order to be considered eligible for a No Interest Loan. Credits a student earns for ESL program courses may be counted towards their full time enrollment status.

#### **IV. D Disbursement Dates:**

When completing the promissory note, schools have the option of selecting either “Fall, Spring and/or Summer” as their disbursement periods, in which case, the system will automatically assign a disbursement date. Institutions may also choose to select their own disbursement dates, which provides them with the flexibility of having disbursed NIL funds arrive on their campus, later than the NIL system defaults would allow. Under either scenario, NIL disbursement dates shall meet the following criteria:

- Each loan must have at least two (2) disbursements, unless the loan meets at least one of the following criteria, in which case, the system will assign one disbursement date only:
  - The current date is greater by 45 days or less than the loan period end date.
  - The loan period is less than 155 days in length.

- Each subsequent disbursement date must be greater than or equal to the previous disbursement date.

- **First Disbursement**

If the current date is less than or equal to 20 days prior to the start of the loan period, the current date shall be assigned as the first disbursement date.

If the current date is greater than 20 days prior to the start of the loan period, a first disbursement date equal to 20 days prior to the start of the loan period shall be assigned.

- **Second Disbursement/No Third Disbursement Selected**

If the current date is less than or equal to the midpoint of the loan period less 20 days, the midpoint of the loan period less 20 days shall be assigned as the

second disbursement date. If the current date is greater than the midpoint of the loan period less 20 days, the current date shall be assigned as the second disbursement date.

In either case, if the date calculated for the second disbursement date is less than that assigned for the first disbursement, the disbursements will occur in two consecutive weeks.

- **Second Disbursement/Third Disbursement Selected**

If the current date is less than or equal to the one-third point of the loan period less 20 days, the one-third point of the loan period less 20 days shall be assigned as the second disbursement date.

If the current date is greater than the one-third point of the loan period less 20 days, the one-third point of the loan period less 20 days shall be assigned as the second disbursement date.

In either case, if the date calculated for the second disbursement date is less than that assigned for the first disbursement, the disbursements will occur in two consecutive weeks.

- **Disbursement Amounts**

Disbursement amounts are determined by dividing the loan amount by the number of disbursements. Each disbursement amount must be a whole dollar amount.

In the event that the loan amount is not evenly divisible by the number of disbursements and there are only two disbursements, the first disbursement shall be truncated to a whole dollar amount and the total loan amount less the first disbursement amount is the amount of the second disbursement.

When there are three disbursements, the first and second disbursements shall be truncated to whole dollar amounts and third disbursement amount shall be equal to the loan amount less the first and second disbursement amounts. For example, if a loan for \$2625 must be disbursed in 2 disbursements, the first disbursement would be for \$1312 and the second disbursement would be for \$1313. If a loan for \$2000 must be disbursed in 3 disbursements, the first and second disbursement would be for \$666 and third disbursement would be for \$668.

#### **IV. E *Late Disbursement:***

No Interest Loans that are to be disbursed on a "late disbursement" basis must meet the following conditions:

- Loan is being disbursed late **only** due to the expiration of the loan period.

- Loan application has been certified by institution for the enrollment period and received by OSFA, prior to the expiration of the loan period.
- Loan proceeds **must** be disbursed no later than **45 days** after the expiration of the loan period.
- Loan proceeds are to be used to pay for educational expenses that the school determines the student incurred for the period during which they were enrolled and eligible.
- The student must have appeared on a NIL Eligibility Roster that the school received from OSFA, prior to the expiration of the loan period.

#### **IV. F Refunds:**

Institutions are expected to refund to the No Interest Loan Program partial or all amounts from a disbursement that a borrower did not use towards educational expenses at any point during the academic year. Refunds are to occur within thirty (30) days of the school's receipt of the loan funds. In processing refunds, schools must use the **Massachusetts No Interest Loan Refund Form** to list the students for whom monies are being returned and the amounts. Please note that no refund will be processed by OSFA unless a check for the correct amount of the refund(s) accompanies the refund form. **It is important for schools to note that refunds are considered repayments of loans, and those funds do not revert to a school's allocation, and therefore, are not available for new awards within the same academic year.**

Refund checks should be made payable to:  
The Commonwealth of Massachusetts

Refund Forms and Checks are to be forwarded to:  
 The Office of Student Financial Assistance  
 75 Pleasant Street  
 Malden, MA 02148

Schools should not send refunds/repayments directly to Educational Computer Services, Inc. for processing. If a refund is sent to ECSI and processed without the knowledge of OSFA, there is the risk that the student's disbursement record will not be updated on OSFA's NIL History File and the student's eligibility may be adversely affected in the future. Refunds processed by OSFA are subsequently submitted to ECSI's loan servicing department for adjustments to a borrower's account.

#### **IV. G NIL Record Keeping and Audit Requirements:**

Institutions that participate in the NIL program shall be subject to audit requirements for the loan program. Guidelines, for such audit requirements, are published by the Massachusetts Office of Student Financial Assistance. Institutions shall also maintain records pertaining to the administration of the No Interest Loan program for a period of seven (7) years. All financial books, records and documents pertaining to the NIL program shall at all times be open for

inspection, review and audit by the Commissioner, the State Auditor or their authorized representative who shall have access to the premises where the books, records and documents are located.

## Massachusetts No Interest Loan Eligibility Chart

2023-2024

<u>Expected Family Contribution</u>	<u>Maximum Loan Amount</u>	<u>Minimum Loan Amount</u>
0 – 15,000 Dependent: <b>D</b>	\$4000	\$1000
0 – 15,000 Independent: <b>I</b>	\$4000	\$1000

EXHIBIT A

