

Massachusetts No Interest Loan

BOARD OF HIGHER EDUCATION

Massachusetts Office of Student Financial Assistance

PURPOSE

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).

DEFINITIONS

- **Eligible Institution:**
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's degree, 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.
- **Eligible Program:**
Any approved undergraduate degree or certificate program offered by an eligible institution, as defined.

Guidelines Effective August 1, 2026 (BHE 27-05)

ELIGIBILITY REQUIREMENTS

To be eligible for the No Interest Loan program, the student must:

- a) be enrolled at an eligible institution, as defined;
- b) (1) be a U.S. Citizen, permanent legal resident, or non-citizen eligible under Title IV regulations and 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; or (2) 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;
- c) complete the Free Application for Federal Student Aid (FAFSA) or, if ineligible to complete the FAFSA, then complete the Massachusetts Application for State Financial Aid (MASFA);
- d) comply with financial aid verification requirements;
- e) not be in default on any federal or state student loans or owe a refund for any previous state financial aid programs;
- f) not have earned a bachelor's degree (or the equivalent);
- g) enroll, as a matriculated student, on a full-time basis (minimum of 12 credits, or the equivalent) in an eligible undergraduate program of study and
- h) meet satisfactory Academic Progress (SAP) according to institution's requirements and federal standards.

NO INTEREST LOAN CONDITIONS

- Disbursement of funds: funding is to be appropriated to participating institutions through a formula approved by the Commissioner of Higher Education.
- Funds appropriated during an academic year must be committed to students by institutions and expended at the conclusion of the fiscal year.
- The institution is required to report recipient, programmatic, and other data to the Department of Higher Education (DHE) upon request.

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- Institutions shall facilitate access to on-campus support services to students who receive assistance under the No Interest Loan program, to promote persistence in and completion of their program of study.
- The institution is responsible for verifying student eligibility.
- Funds may be awarded to support summer enrollment that occurs prior to the end of the corresponding fiscal year, if funds are available.
- Institutions are required, upon request, to submit data to the Department of Higher Education to demonstrate maintenance of fiscal effort in their commitment to institutional aid to students, while participating in the program.
- The BHE shall annually establish the tuition rates for the community colleges and state universities and monitor the mandatory fees set by colleges' respective Boards of Trustees.
- Students wishing to become eligible for a No Interest Loan for the academic year 2026-2027 must complete their 2026-2027 FAFSA or MASFA, by the priority deadline date of March 12, 2027.
- Eligible students must have an SAI under \$20,000.
- The institution has the responsibility for validation of such SAI. 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.
- 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.

AWARD VALUE

Students are eligible to receive between \$1,000 and \$4,000 annually. There is a lifetime borrowing limit of \$20,000.

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AWARD DISBURSEMENT

Participating institutions must verify that each recipient is eligible in accordance with guidelines established for the No Interest Loan Program and that the student is enrolled in an approved certificate or associate or bachelor's degree program, as applicable.

Institutions are required to refund to the Department any funds that are deemed to have been improperly awarded and disbursed to recipients who are later determined to be ineligible for the No Interest Loan Program.

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.

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- 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.

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.

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- 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

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:

135 Santilli Highway
Everett, MA 02149

Schools should not send refunds/repayments directly to Educational Computer Services, Inc. (ECSI) 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.

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ANNUAL REVIEW

The Department of Higher Education is responsible for evaluating the effectiveness of the No Interest Loan Program. Institutions that have signed an agreement to participate in the Massachusetts State financial aid programs are required to share data for all students with the Massachusetts Department of Higher Education (DHE) or its designee, and the Office of Student Financial Assistance for this purpose. The program may be evaluated annually to determine any immediate impact or to determine if adjustments are required for various processes, such as disbursement of funds.

PARTICIPATION AGREEMENT

All institutions receiving funds under the No Interest Loan Program must have an active Massachusetts State Financial Aid Participation Agreement on file with the Massachusetts Office of Student Financial Assistance (OSFA).

AUDIT REQUIREMENT

- a) It shall be the responsibility of each college to maintain documentation of a recipient student's eligibility for the No Interest Loan Program.
- b) The Commissioner shall require each college to furnish annually to the BHE a report detailing specific information regarding recipients of the No Interest Loan Program. OSFA will establish the timeline, specifications, and procedures for this report.
- c) All financial books, records and documents pertaining to this Program shall, at all times, be open to inspection, review and audit by the Commissioner, the State Auditor or their authorized representatives who shall have access to the premises wherever such books, records, and documents are for seven years. An institution may retain such records for a period of five years, if approval is received from the Records Conservation Board in accordance with General Laws, Chapter 30, Section 42.