

U.S. Department of Health and Human Services
Health Resources and Services Administration [HRSA]
Bureau of Health Professions Division
of Nursing

2023-2024 NURSE FACULTY LOAN PROGRAM [NFLP]

Information on the Loan Program for University of Massachusetts Dartmouth Graduate Students

EXPLANATION OF THE NFLP LOAN

Since 2003 the Federal HRSA NFLP has provided funding to schools of nursing to increase the number of qualified nursing faculty. The program supports the establishment and operation of a distinct NFLP loan fund. Participating schools of nursing make loans from the fund to assist registered nurses in completing their master's and doctoral education to become qualified nurse faculty. The program offers partial loan forgiveness for borrowers who graduate and serve as nursing faculty in a school of nursing. **School of Nursing is defined as** an accredited collegiate, associate degree, or diploma school of nursing in a state where graduates are: a) authorized to sit for the NCLEX-RN Exam or b) licensed registered nurses who will receive a graduate or equivalent degree or training to become an advanced education nurse as defined by section 811(b) of the PHS Act.

The NFLP is **not** a need-based program. FAFSA data and other financial records are not required to determine eligibility for the NFLP. FAFSA data may be used to confirm U.S. citizenship and non-defaulting status on federal loans.

The school should offer full support of the amount requested by the student to cover the full or partial tuition/fess for the academic year. Full support includes the cost of tuition, books, laboratory expenses, and other reasonable education expenses. The NFLP loan does **not** include stipend support for personal expenses or support for thesis/dissertation research.

ELIGIBILITY CRITERIA FOR THE NFLP LOAN

Citizenship Status – Student applicant must be a citizen or national of the U.S. or a lawful permanent resident of the U.S., the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Northern Mariana Islands, American Samoa, the U.S. Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. A student who is in the U.S. on a student or visitor's visa is **not** eligible for the NFLP loan.

Enrollment Status – Students must be enrolled full-time or part-time in an eligible master's or doctoral degree program that offers an education component to prepare qualified nurse faculty. Students must maintain enrollment for a minimum of two consecutive terms/semesters (either full-time or part-time) during an academic year while receiving the NFLP loan support.

1. **Enrollment beyond 2 semesters/terms** – Students may receive NFLP support for enrollment beyond 2 terms/semesters during the academic year.

2. **Enrollment during dissertation** – Students must have prior participation in the NFLP to receive support during the dissertation phase and must complete the specified education component(s) before graduation from the program of study.
3. **Enrollment during last year of program** – NFLP students enrolled in the last year of the program are not required to enroll for 2 terms if the program requirements are met (i.e. the NFLP recipient may receive support in the fall (or one semester) to complete the degree.)
4. **Leave of absence from the program:** A temporary leave of absence from the nurse education program that is approved by the school and, in accordance with the institution's student enrollment and leave policy, is not considered to be a breach of the NFLP Promissory Note by the borrower.

Individual change in circumstances should be addressed on an as needed basis, i.e. leave of absence from program, active military duty.

Academic Standing – The student must be in good academic standing, as defined by the school, and capable, in the opinion of the school, of maintaining good academic standing in the course of study. If the NFLP borrower ceases to be a student in good academic standing, the school must stop disbursement of the NFLP loan.

Educational Coursework Requirements – The NFLP loan recipient must complete the education components required to prepare qualified nurse faculty **prior to completing the program of study**.

Default on Other Federal Loans - According to federal law, a student is ineligible to receive a NFLP loan if a judgment lien has been entered against him/her based on the default on a federal debt, 28 U.S.C. 3201(e).

EDUCATIONAL COSTS COVERED BY THE LOAN

Based on costs of a program, students may receive up to \$35,500 per academic year for a maximum of 5 years to support the cost of tuition, fees, books, laboratory expenses, and other reasonable education expenses.

Schools should inform a loan recipient that, *subject to the availability of funds and the recipient maintaining good academic standing*, the NFLP loan will be made annually for the period required to complete the course of study, **not to exceed 5 years. Students must apply for the loan each year.**

THE LOAN OBLIGATIONS

Following completion of the graduate nursing program, loan recipients may cancel up to 85% of the loan principal and interest in exchange for service as a full-time nursing faculty at an accredited school of nursing for four consecutive years.

The loan cancellation over the 4-year period is as follows: 20% of the principal and interest may be canceled upon completion of each of the 1st, 2nd, and 3rd years, totaling 60%, followed by 25% upon completion of the fourth year of full-time employment as a nursing faculty. Repayment of the remaining 15% is postponed during the cancellation period and must be repaid within 6 years. The NFLP loans accrue interest at a rate of 3% per annum for loan recipients who establish employment as nurse faculty.

For example:

You enrolled in the UMassD graduate program at in-state rates and your education cost \$30,000. You are then employed for 4 consecutive years as a full-time faculty member and you have 85% of your loan, which is equal to \$25,500, cancelled. The remaining \$4,500 would be repaid over 10 years at 3% per annum.

STEPS IN THE APPLICATION PROCESS

An entrance interview is conducted each year in which the student receives a loan.

At a minimum, this interview will cover or include the following information and paperwork:

- Application Form
- Applicant Eligibility
- Terms and Conditions of Loan
- Rights and Responsibilities
- Truth-in-Lending Act form
- Service Obligation
- Promissory Note
- Borrow Information Form completed at the time of each disbursement
- Loan Notification Letter

TERMS AND CONDITIONS OF NFLP LOANS

1. *Completion of the Nursing Education Program requirements prior to graduation*
2. *Following graduation from the nursing education program, the NFLP borrower may receive the first of up to four partial loan cancellations upon the establishment of employment as full-time time nurse faculty at an accredited school of nursing.*

The NFLP borrower must submit certification of employment to the lending school within a reasonable timeframe as determined by the lending school, but no later than 12 months following graduation. At a minimum, the certification of employment must state the date the NFLP recipient began full-time employment as nurse faculty in accordance with the terms of the NFLP Promissory Note and must be signed and dated by the recipient. The recipient is responsible for submitting certification of employment to the lending school in order to determine the interest rate applicable to the unpaid loan balance.

NFLP borrower is limited to a 12-month timeframe to establish employment as full time nurse faculty at an accredited school of nursing following graduation from the program. If employment verification is not submitted within the 12-month period, the borrower will **not** be eligible for the NFLP loan cancellation provision.

- Leave during employment – Paid or unpaid leave needs to be consistent with the institution's policy and is subject to supervisory approval.
- Changing employment – A reasonable period of time to change from one place of employment to another does not constitute a break in employment.

3. Change of Name or Address

The borrower is required to inform the lending school of any change of name or address after ceasing to be a student at the school of nursing. The borrower must also inform the lending school of any change of name or address during the repayment period.

CANCELLATION PROVISION

The NFLP is a direct loan program with a cancellation provision for recipients of the loan. The borrower must serve as full-time nurse faculty for a **consecutive four-year period** at an accredited school of nursing following graduation from the program to cancel the maximum amount of the loan.

The borrower may cancel:

- 20% of the principal and the interest on the amount of the unpaid loan balance upon completion of each of the **first, second, and third year** of full-time employment; and
- 25% of the principal of and the interest on the amount of the unpaid loan balance upon completion of the **fourth year** of full-time employment.

The borrower is responsible for requesting cancellation. After the end of each complete year of employment, the borrower must submit a *NFLP Request for Partial Cancellation Form*.

The borrower should understand that a loan service requirement/obligation under more than one federal program must remain separate and distinct and should not be combined. NFPL loan recipients who have more than one service requirement/obligation must meet the service requirements for any other program(s) in addition to NFLP.

REQUEST FOR POSTPONEMENT OF INSTALLMENT PAYMENTS FORM

When a borrower is employed full-time as a faculty at an accredited school of nursing and **requests partial cancellation** of the loan at the end of each complete year of employment, the borrower may obtain a postponement of installment payments on the loan.

The borrower must notify the lending school of **termination of full-time employment as faculty prior to completion of a year** within 30 days after the last day of such employment, and the lending school must then place the borrower back into repayment with installment payment(s) payable to the lending school according to the borrower's repayment schedule.

REQUEST FOR PARTIAL LOAN CANCELLATION FORM

Borrowers may request partial loan cancellation each year while employed as full-time nurse faculty at an accredited school of nursing over a consecutive 4-year period.

If the borrower takes a break from full-time employment as nurse faculty during the year, the borrower is **not eligible for loan cancellation** and must begin repayment of the NFLP loan, unless the borrower is approved and eligible for NFLP loan deferment or forbearance.

REPAYMENT PROVISION

1. Grace Period

The grace period for NFLP loan repayment is 9 months and begins immediately after the individual completes their course of study at the school of nursing. Neither interest nor principal is required to be paid during the 9-month grace period. During the grace period, the borrower may repay the loan but is not required to do so.

2. Repayment Period

The 10-year repayment period for an NFLP loan begins following a 9-month grace period after the borrower completes the requirements of the graduate nursing program.

Following graduation from the program, NFLP borrowers who fail to establish employment as full-time nurse faculty at a school of nursing must begin repayment of the NFLP loan following the 12-month grace period at the prevailing market rate.

The prevailing market rate is determined by the Treasury Department and is published quarterly in the Federal Register. The rate is fixed. Refer to the HHS, Office of Finance website at <http://www.hhs.gov/of/library/policy/debt/debtcoll.html/> for information on consumer interest rates.

3. Repayment Schedule

- If the borrower **ceases to pursue the advanced education nursing program**, the borrower must begin repayment immediately at the prevailing market rate.
- If the borrower graduates and is not employed full-time as nurse faculty at a school of nursing within 12 months of graduation, the NFLP loan must be repaid immediately at the prevailing market rate.
- If the borrower's NFLP loan has been cancelled for the maximum portion (up to 85%) of the principal amount of the loan and interest, the remaining amount (15% or more depending upon years of employment) of the unpaid loan balance is repayable in equal or graduated periodic installments over the **remaining ten years** of the repayment period.

4. Combining NFLP Loans

When a borrower has more than one NFLP loan outstanding, the sum of the amounts loaned should be combined for repayment purposes (*i.e.*, multiple loans disbursed to a recipient during the academic year or years of support).

NFLP loan disbursements from more than one NFLP school can not be combined for repayment purposes. The NFLP loan money cannot be transferred from one school to another.

5. Prepayment

The borrower may, at his or her option and without penalty, prepay all or any part of the principal and accrued interest at any time. If an accelerated payment is made, that prepayment must first be applied to any accrued interest and then to the principal balance.

INTEREST ON THE LOAN

The NFLP loan bears interest on the unpaid balance at the rate of 3% per annum beginning 3 months after the borrower graduates or ceases to be enrolled as a student in the advanced nurse education program. Borrowers employed as full-time nurse faculty at an accredited school of nursing for a consecutive four-year period will bear interest at the rate of 3% for the remaining six years of the repayment period. (10 years total repayment period=4 years as nurse faculty + remaining six years?)

If the lending school determines that the borrower will either fail to complete the course of study or fail to establish full-time employment as faculty following graduation from the program, the loan will bear interest on the unpaid balance at the prevailing market rate and repayment begins immediately.

Important Note: The borrower is responsible for submitting verification of employment to the lending school in order to determine the interest rate applicable to the unpaid loan balance.

DEATH AND DISABILITY

1. Death

Upon the death of a borrower, the school must submit documentation to the Division of Nursing (NFLP), Parklawn Building, Room 8C-25, 5600 Fishers Lane, Rockville, Maryland 20857. The Secretary of HHS or a designee will cancel the unpaid balance of the NFLP loan and accrued interest of a loan upon submission to the school of a death certificate or other official proof of death of the borrower. The school will be formally notified of the Secretary's decision and must retain the written notification of the decision on file for audit and other review purposes.

2. Permanent and Total Disability

A borrower *may be* entitled to cancellation of any remaining payment of the NFLP loan in the event of permanent and total disability. Permanent and total disability is defined as unable to engage in gainful employment of any kind because of a medically determined impairment that is expected to continue for a long and indefinite period of time or to result in death. The Secretary of HHS or a designee will make this determination based on medical certification submitted by the borrower supporting the borrower's disability and will cancel the NFLP loan upon approval.

To claim cancellation for disability, a borrower must submit a formal request to the lending school that awarded the loan along with all the requested documentation and consent to release information.

DEFERMENT OF LOAN REPAYMENT

Deferment options under the NFLP are limited. NFLP borrowers are eligible for deferment for up to 3 years when:

1. The borrower is ordered to active duty as a member of a uniformed service of the United States (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration Corps, or the U.S. Public Health Service Commissioned Corps). A borrower who voluntarily joins a uniformed service is NOT eligible for deferment, nor is a borrower who is employed by one of the uniformed services in a civilian capacity;
2. The borrower has graduated and been employed, then decides to return to a graduate nursing education program to pursue a doctoral degree to further their preparation as nurse faculty; or
3. When the borrower graduates and participates in a post-doctoral program.

Deferments are not automatic. Borrowers must file deferment forms for each period of deferment and request deferments at least 30 days before the beginning of:

- the activity that makes the borrower eligible for deferment; or
- the repayment period (i.e., the due date of the first payment) if the borrower is beginning the activity during the grace period.

Deferment periods are excluded from the 10-year repayment period. For example, a borrower who has used three years of deferments still has a total of 10 years—not 7 years—to repay the NFLP loan.

During periods of deferment, interest on the loan continues to accrue at the prevailing market rate but is not required to be paid during this period. During the period of deferment, the borrower may repay the interest if they wish but is not required to do so.

The borrower is responsible for informing the lending school of the end of the deferment period, and the school is responsible for placing the borrower back in repayment status following the end of the deferment.

FORBEARANCE OF THE LOAN

A lending school may, based on its discretion, place a borrower's NFLP loan in forbearance when extraordinary circumstances such as poor health or hardships temporarily affect the borrower's ability to make scheduled loan repayments. Forbearance is limited to situations in which the borrower clearly intends to repay the NFLP loan obligation but is temporarily unable to comply with the existing repayment schedule.

Details of Forbearance conditions will be provided upon request.

EXIT INTERVIEW

Each loan borrower must participate in an exit interview. At this interview, the borrower's rights and responsibilities concerning the terms and conditions of the loan will be reviewed. The borrower's current address, telephone number, and other information needed for loan collection will be obtained.