

Normally, grants through the Ontario Student Assistance Program (OSAP) are money students do not need to pay back.

Grant to loan conversion is the process when some -- or all -- of the student's grants are converted to a repayable loan.

Why grants could become a loan

The government may convert all or part of the student's OSAP grants to a loan if:

- the student withdraws from studies within the first 30 days of starting school and does not return as a full-time student within five months in the same academic year
- at the end of the study period, as a result of an OSAP reassessment, the student is not eligible for all or part of the grant they received (e.g., student withdraws after the first 30 days; student drops courses)
- the income reported on the student's application cannot be verified within one year from the start of their studies (Ontario Student Grant only)¹.

If the student's OSAP grants are converted to a loan, the grants are:

- added to the student's loan balance
- included in the monthly loan payment the student would make once they are done school.

Overpayments and restrictions

Some students who withdraw or are otherwise reassessed may also have been issued more full-time OSAP funding (grants, loans, or both) than they were eligible to receive. This is called an overpayment, and could potentially result in a restriction from further full-time OSAP funding.

Students could be restricted from getting OSAP if:

- the student has an overpayment exceeding \$2,000 per year in three or more academic years, and/or,
- the total amount of the student's overpayments is greater than \$10,000.

If the student is restricted as a result of an overpayment, the student will be required to pay back part of the overpayment to regain eligibility for future OSAP assistance.

Students who are restricted from future OSAP as a result of an overpayment will be notified and informed of their repayment obligations at that time, including how to remove the overpayment restriction.

Communication with students

Students are made aware of this process in the terms and conditions that they sign in both their *Application Agreement* and *Master Student Financial Assistance Agreement*.

Communications about grant to loan conversion and overpayments are provided through the student's online Message Centre. Whenever a student is reassessed, the student is provided details

¹ If the student's parental/spousal financial situation changed in 2020 because of unexpected and/or one-time circumstances, a review is available to have estimated 2020 income used rather than 2019. When there is an estimated income review for the student's spouse/parents, there would be 24 months to verify income.

of the updated OSAP funding and the amount of overpayment, if any. Students are also notified if they are at risk of having grants converted to loan because prior year income has not been verified and the steps that must be taken to have the appropriate income verified.

Students should pay close attention to notices received through the online Message Centre to remain aware of any grant to loan conversion notices and potential actions required.

Exceptional circumstances

The ministry has an Exceptional Circumstances Review available to students if there has been an unexpected event that is beyond the student's control, and the outcome of that event prevents the student from performing the daily activities necessary to attend postsecondary studies.

Students may request an Exceptional Circumstances Review, if the following applies:

- The student withdrew fully or partially from studies after receiving full-time OSAP funding
- The student had to withdraw because of an exceptional circumstance beyond their control
- One or more of the following is the result of the student's withdrawal:
 - The student has an OSAP overpayment in the current study period
 - The student has an overpayment from the previous year and/or an overpayment restriction preventing them from receiving OSAP funding
 - The student's OSAP grants have been, or will be, converted into loan.

Typically, the events leading to the withdrawal would be considered rare and/or catastrophic, and often require an extended period of recovery or stabilization. The severe worsening of a pre-existing situation or condition would also be considered for an exceptional circumstance review. Routine life events are not generally considered eligible for an exceptional circumstances review.

If the review is approved, any grant to loan conversions may be stopped or reversed and an OSAP overpayment may be revised. The exceptional circumstances review does not waive the requirement for parental and spousal prior year income (as applicable) to be verified.

Students can request an exceptional circumstance review by submitting a ["Request for an Exceptional Circumstances Review" form](#).

Questions?

For questions about grant to loan conversion, students can contact the financial aid office at their school.