

# SELF Loan<sup>®</sup>

A Minnesota Student  
Loan Program

MINNESOTA  
OFFICE OF  
HIGHER  
EDUCATION

*reach higher*



[www.selfloan.org](http://www.selfloan.org)



## About the Program

The Student Educational Loan Fund, or SELF Loan, can help you pay for your education beyond high school. The program is administered by the Minnesota Office of Higher Education and can be used only for educational purposes. It is a loan, not a scholarship, so it must be repaid.

## Eligibility

An eligible student must:

- be enrolled in an eligible school in Minnesota or be a Minnesota resident enrolled in an eligible school in another state or U.S. territory; a list of eligible institutions is available at **[www.selfloan.org](http://www.selfloan.org)**;
- be enrolled at least half time in a program leading to a certificate, associate, baccalaureate, graduate or education degree;
- be making satisfactory academic progress as defined by the school;
- not be in default of any student educational loan at the current or previous school;
- not be currently delinquent in payment of interest or principal on an outstanding loan from the SELF Program, or on any other federal, state, private or institutional student loan program; and
- have a credit-worthy co-signer.

**Co-signer:** You must have a credit-worthy co-signer who is either a U.S. citizen or a permanent resident, and who resides in the United States. The co-signer is responsible for making loan payments (interest, principal and other charges) if you fail to make payments. The co-signer is relieved of this responsibility only in the event of death or total and permanent disability of the borrower.

A credit-worthy co-signer is one who has no account balances discharged through bankruptcy; no garnishments, attachments, foreclosure, repossession or suit; no more than \$300 combined total in unsatisfied credit or unsatisfied payment obligations; or no more than five percent of credit bureau balances past due.

The co-signer must be at least 24 years old or 18 years old if a sibling (i.e., a brother or sister).

## How to Apply

Following are the steps to apply for a SELF Loan:

- Meet with a financial aid administrator at your college to discuss your eligibility for a SELF Loan. The financial aid office will use one of four application procedures (online SELF application, the TeleSELF electronic application, paper application or the combination paper/electronic application). The financial aid office can direct you to the appropriate application.
- The Office of Higher Education determines your eligibility and reviews the credit worthiness of your co-signer. If either the borrower or the co-signer are ineligible, they will be notified.
- The approved loan is scheduled for disbursement. On the date of disbursement, you and your co-signer are sent copies of the loan disclosure, which describes the specific terms of the loan and the scheduled disbursement date(s).
- Either a check is mailed to the school, or funds are electronically transmitted to the school, whichever the school prefers. Funds are disbursed by academic term.

You should allow four weeks for the processing of the application and the disbursement of the funds.

## Loan Size

The financial aid administrator at the eligible school will determine the amount you can borrow. The loan amount cannot exceed the total cost of attendance, as defined by the institution, minus other financial aid that the student will receive.

The minimum amount is \$500.

### Maximum Loan Amounts

The maximum loan is \$7,500 for undergraduate levels and \$9,000 for graduate levels provided that:

- The loan amount shall not exceed the cost of attendance less all other financial aid.
- You may borrow more than once during an academic year as long as you have not exceeded the grade-level borrowing limits, your request is for at least \$500 and adequate time remains to process the application.

### Cumulative Borrowing Limits

The cumulative SELF Loan debt shall not exceed the following grade level limits:

\$ 7,500	Grade Level 1
\$15,000	Grade Level 2
\$22,500	Grade Level 3
\$30,000	Grade Level 4
\$37,500	Grade Level 5
<b>\$55,500</b>	<b>Grade Levels 6 to 9 (includes all undergraduate and graduate debt)</b>

Grade level is determined by the school based on the number of credits earned.

## Loan Example

Here is an example of how a SELF Loan can help you offset the total cost of attendance.

<b>Cost of attendance</b>	<b>\$10,000</b>
<b>Less available financial aid</b>	
Federal grants	\$1,500
State grants	0
Institutional assistance	500
Private assistance	500
Total Aid	- \$2,500
<b>Total student obligation</b>	<b>\$7,500</b>
<b>Maximum SELF Loan amount</b> (based on grade level)	<b>\$7,500</b>

## Costs to the Borrower

You must pay interest and principal on the loan. There are no guarantee, origination or processing fees charged.

**Interest Rate:** The interest charged to you may change every quarter. The current SELF interest rate is available at [www.selfloan.org](http://www.selfloan.org). Borrowers pay an interest rate comprised of a percentage (the "margin") that is added to the variable interest rate of the source of money (the "index"). As the index or margin increases or decreases over time, the interest charged will increase or decrease. The index rate is tied to the three-month London Interbank Offered Rates (LIBOR).

## Loan Repayment

**Payment of Interest:** You must pay interest quarterly while in school. This is called the “in-school period”. Interest payments will start approximately 90 days from the disbursement of the loan. During the first 12 months after graduation or if enrollment drops below half time, the borrower will be converted to a monthly interest repayment schedule. This 12-month period is called the “transition period”.

**Repayment of Principal and Interest:** The period in which monthly principal and interest are paid is called the “repayment period”. Near the end of the 12-month transition period, you can choose between two repayment plans as long as a required repayment period has not started:

- The **Standard Plan** requires the monthly payment of principal and interest starting on the 13th month after graduation or when enrollment drops below half time.
- The **Extended Interest Plan** provides two additional years of monthly interest-only payments. Monthly payment of principal and interest with this plan begins on the 37th month after graduation or termination of study. While the Extended Interest Plan extends the transition period, it shortens the repayment period by the same two years.

For SELF Loans from phases starting with SELF IV, if the aggregate principal balances of all SELF Loans is less than \$18,750, the maximum repayment period will be 10 years from the end of the “in-school” status. For SELF Loans from phases starting with SELF IV, if the aggregate principal balances of all SELF Loans is \$18,750 or greater, the maximum repayment period will be 15 years from the end of the “in-school” status. All SELF IV Loans will enter repayment no later than seven years after the first disbursement date on the loan.

## **Additional Loan Repayment Information:**

- There are no deferment categories in the SELF Program.
- SELF Loans cannot be included in federal consolidation programs. Eligibility for repayment of SELF Loans under any student loan repayment program, such as a military program or AmeriCorps, is based on the criteria established by those programs for repayment of non-federal student loans.
- A borrower may move back and forth between the in-school and transition periods, but once a transition period has been exhausted and the repayment period entered, the borrower may NOT leave the repayment period.
- The total amount borrowed will determine the borrower's monthly payment; however, the minimum monthly payment of principal and interest is \$50.
- There is no penalty for prepaying SELF Loans.

**Transferring Schools:** If you transfer to another school or pursue a higher degree at another institution, you must:

- enroll before the 12- to 36-month transition period elapses,
- enroll in a school that is a member of the SELF Program, and
- have time remaining before the seven-year mandatory repayment starts.

If the school is not a member of the SELF Program, you will no longer be considered to be in the "in-school" status.

## SELF Loan Repayment Examples

Amount Borrowed	\$7,500	\$7,500
Annual percentage rate during principal repayment period	7.00%	8.00%
Interest rate applied to principal balance	7.00%	8.00%
Quarterly interest payments while enrolled	\$131.25	\$150.00
Monthly interest payments during transition period	\$43.75	\$50.00
Monthly payments of principal and interest	108 payments of \$93.80	108 payments of \$97.64

The interest rate varies throughout the life of the loan and may increase or decrease. The example illustrates the repayment schedule for a \$7,500 SELF Loan at two different interest rates and assumes that the stated rates do not change. It also assumes that payments of principal and interest will be made over a nine-year term, following interest-only payments during a four-year in-school period and for one year after school.

## Loan Servicer

A Servicer schedules and disburses your loan, sends bills, and keeps track of your loan payments and your current loan status. The Servicer for the SELF Program is Firstmark Services. Contact Firstmark Services for questions about your bill, payments or to make address or enrollment changes:

### **Firstmark Services**

P.O. Box 25410

Woodbury, MN 55125-0410

Tel: (651) 265-7666  
(888) 295-0713 toll free

Visit **[www.firstmarkservices.com](http://www.firstmarkservices.com)** to check the status of pending applications and disbursements along with your payment and balance information.

### **Minnesota Office of Higher Education**

SELF Loan is a program of the Minnesota Office of Higher Education, a state agency providing students with a range of financial aid programs and information to help them gain access to postsecondary education. The agency manages the Minnesota State Grant program, which is a need-based grant program for eligible students who submit the Free Application for Student Aid (FAFSA). The agency also oversees tuition reciprocity programs, Minnesota's 529 college savings program, institutional licensing, a college awareness program for youth and serves as the state's clearinghouse for data on postsecondary enrollment, financial aid, finance and trends.

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