About the Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency also serves as the state’s clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding need-based grants to Minnesota residents attending accredited institutions in Minnesota. The agency oversees tuition reciprocity programs, a student loan program, Minnesota’s 529 College Savings Plan, licensing and early college awareness programs for youth.
SELF Loan Program - Introduction

This manual is written for institutions participating in the Minnesota SELF Loan Program and is subject to all subsequent changes in Minnesota state laws and regulations governing the SELF Program. Refer to Appendices A and B for links to SELF Statutes and Rules. Institutions are required to read all e-mail and written correspondence from the Office of Higher Education (Office) to keep informed of any changes in policy or guidance. This manual is periodically updated, changes announced during the interim have the full force and effect of the SELF Loan Program Manual. All participating institutions are required to notify the Office about changes to the institutional contact information; including name, e-mail address and phone number.

I. Section

A. Program Overview

The SELF Loan Program provides educational loans to Minnesota residents and students attending Minnesota postsecondary institutions. The Office requires students to seek other sources of federal, state, institutional and private aid before incurring debt. There are benefits of federal loans such as: no interest payments required during school for subsidized federal loans, deferments, loan forgiveness, and various repayment plans (including income based) that are not available for the SELF Loan.

B. Financial Aid Administrators Contact Resources

SELF Staff at the Office handle all the duties related to the origination of SELF Loans. After approval of the loans, Firstmark Services (Firstmark) disburses and services all SELF Loans. Refer to Appendices C and D for contact information for the Office and Firstmark.

The Office is responsible for the following tasks:

- Review, process and approve applications
- Send letters to borrowers, cosigners and schools on denied or incomplete applications
- Check loan applications denied due to delinquency to see if eligible for reinstatement
- Provide guidance to financial aid administrators on certifying applications

Firstmark is responsible for the following tasks:

- Send out disbursements
- Check disbursements held due to delinquency to see if eligible for re-issue
- Place disbursements on hold per school request
- Bill students
- Update borrower and cosigner demographic information
- Perform diligence activities
- Process loan payments
- Track enrollment/graduation status
Whom to Contact

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C. Administration Overview

- School signs SELF Participation Agreement with the Office.
- In order to use the online application, the school needs to contact Firstmark’s School Hotline.
- The school must certify the applicant is accepted for enrollment or is currently enrolled, is making satisfactory progress, and has met the Maximum Effort Test. The cost of attendance less other sources of financial aid or educational loans must be greater than or equal to the amount of the requested loan.
- The Office conducts an automated review of the cosigner’s credit to see if the credit meets the SELF requirements. If the credit is unsatisfactory or insufficient credit exists, the loan will be denied.
- An application/promissory note which is rejected will have an Adverse Action letter sent to the borrower, cosigner and school explaining the reason for denial.
- If the cosigner’s credit is satisfactory and other eligibility criteria are met the loan is approved and sent to Firstmark for disbursement.
- Applicants who are approved for loans, but not for the amount requested by either the school or the student, will be sent a letter indicating the reason for the reduced amount.
- The SELF staff may return an incomplete or incorrect application/promissory note for correction to the student, cosigner or school with a letter listing the action needed.
- If the SELF Loan is disbursed by check, the check will be mailed to the school and made jointly payable to the student and the school.
- If the school wants disbursements sent electronically – the school must have a contract with the Office that includes Electronic Funds Transfer (EFT). Contact the Office for more information.
• Prior to disbursing the SELF funds to the student, a representative of the institution must verify that the student’s enrollment is at least half-time and that he/she is maintaining satisfactory progress. Included in Appendix E is a Disbursement Checklist.
• The school official certifying the application cannot be the same person who notarizes the cosigner’s signature and cannot be the owner of the school.

D. Eligibility to Participate

1. Postsecondary Institutions

An eligible institution for the SELF Loan Program means a postsecondary institution that:

• is operated or regulated by the State of Minnesota or the Board of Regents of the University of Minnesota;
• is operated publicly or privately in another state, is approved by the U.S. Department of Education and, as determined by the Office, maintains academic standards substantially equal to those of comparable institutions operated in Minnesota;
• is licensed or registered as a postsecondary institution by the Office;
• is participating in the federal Pell Grant Program under Title IV of the Higher Education Act of 1965, as amended (refer to exception below);
• is in agreement with and has had the Chief Executive Officer of the school sign the SELF Participation Agreement agreeing to perform certain administrative procedures in loan processing; and
• provides data to the Office on student enrollment and federal and state financial aid.

Exception: Schools that participated in state financial aid programs by July 1, 2010, do not need to participate in the federal Pell Grant Program; however, their students need to sign the disclosure form available at Non Federal School Disclosure form. This form only needs to be signed one time by the student at each non-federal participating institution the student attends. If the school changes ownership, the school must participate in the federal Pell Grant Program within four calendar years from the ownership change.

The SELF Participation Agreement will remain in effect until amended by mutual consent of both parties or until terminated. The agreement can be terminated by either the Office or the school, with or without cause, upon 30 days written notice to the other party. All obligations of the school under the agreement will continue in full force and effect with respect to all SELF Loans then outstanding to students of the school. A new SELF Participation Agreement will need to be signed if a school legally changes its name or ownership.

The Office may terminate an agreement with an institution to originate SELF Loans upon determining that the school is not in compliance with SELF Rules.

2. Eligible Program

An eligible program is an academic or vocational program of at least 12 quarter credits, 12 semester credits or 300 clock hours which ends with a degree or a certification. For clock hour programs that are at the minimum
300 hours in length, those hours need to represent actual teaching hours excluding lunches, holidays and other closed days.

A student who has earned a degree and is pursuing an additional major is eligible for funding from the SELF Loan program even though another degree will not be awarded upon completion of the additional major. The student must be pursuing an additional major to be eligible for the SELF Loan, a minor does not qualify. To be eligible for the SELF Loan, the student needs to have declared the additional major. The student is still subject to grade level and cumulative SELF Loan limits based on the new major. The school can utilize grade level 5 for the second major.

A student who has earned a degree and decides to retake courses in order to improve his/her grade point average is not eligible for funding under the SELF Loan Program since no degree or major is being pursued.

If a student has not earned a degree and is retaking a class due to a failed grade or in order to improve their grade they may be eligible for a SELF Loan. The school is permitted to use the federal policy regarding the utilization of aid for repeated classes but is not required to do so. Each school can limit the number of times they will allow a student to re-take a class they have continually failed. Once a student passes a course they are only allowed one attempt to improve their grade and receive financial aid for that course again.

A student taking pre-requisite course work prior to being admitted to a graduate program is not eligible.

Credits or credit equivalencies assigned for remedial course work may be counted towards the student’s enrollment level if the student has been accepted into a degree, diploma or certificate program and takes remedial course work within that program. A school cannot count non-credit remedial hours in a student’s enrollment status if the course is part of a program that leads to a high school diploma or GED. There is no limit on the total amount of remedial credits that can be used to determine the student’s enrollment level.

A student taking courses leading to licensure is eligible if the courses ultimately lead to a certificate.

Occupational skills certificate programs are eligible for SELF Loans as long as a certificate is issued and all other eligibility criteria are met. It is recommended schools provide individual counseling to ensure the borrower and cosigner understand their legal obligation to repay the loan regardless of whether the borrower is ultimately employed.

3. **Student**

   a. **Residency**

      The student must either be enrolled in an eligible institution in Minnesota or be a Minnesota resident enrolled in an eligible school in another state.

      Non-Minnesota residents must be enrolled for a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota.
High school students taking college courses under the Postsecondary Enrollment Options Program are not eligible for a SELF Loan.

b. **Enrollment Status**

The student must be enrolled at least half-time in an eligible program leading to a certificate, associate, baccalaureate, masters, doctorate or other professional degree. Refer to the previous section on ‘Eligible Program’ for additional information on acceptable programs. Each institution must have written definitions of “full-time” and “half-time” to aid in program administration, avoid confusion and satisfy state audit requirements. Written definitions must be provided to school staff who are responsible for certifying SELF applications and disbursing SELF funds. Office auditors verify the school has written definitions for half-time and full-time and cite schools not in compliance with this requirement. According to the SELF Rules, a half-time student must carry at least one-half the workload of a full-time student. All schools, whether or not they participate in federal aid programs, should use the federal definitions of full-time and half-time status. A full-time definition would be at least 12 credits or 24 clock hours per week and a half-time definition would be at least 6 undergraduate semester/quarter hours or the equivalent of 12 clock hours per week.

In order to be eligible for a SELF Loan, the student must be enrolled in courses that will be credited toward the student’s degree. If a student chooses to take courses at another institution and those courses will not be credited to his/her degree, the school cannot include the cost of those courses in the cost of attendance.

For students enrolled in two schools, each school can certify a loan if the student is enrolled at least half-time at both schools and the courses will all be credited toward a degree or certificate. The combined loans are subject to the annual grade level maximums of $7,500 or $20,000 and the cumulative limits. For students taking courses at another institution, the school certifying the SELF Loan needs to verify the courses covered by the SELF Loan will count toward a degree program at the primary institution. Verification can be done through a consortium or contractual agreement, e-mail confirmation between schools, or documentation on the transcript verifying enrollment in a degree seeking program. If the student has not yet declared a major, the school certifying the SELF Loan should confirm that the courses will be accepted by the primary institution.

c. **Satisfactory Academic Progress**

The student must be making satisfactory academic progress, as defined in Minnesota Statutes, section 136A.1010 subdivision 10. The school should base the satisfactory progress determination on the last review done prior to the current term. If the funds arrive after the current term ended and a review determined the student is not making satisfactory progress, the school should still disburse the SELF Loan as long as the student completed the term and would have been considered eligible at the beginning of the term. Based on the unsatisfactory progress determination, the student may not be eligible for a SELF Loan for the next term. Satisfactory progress includes terms/payment periods during which a student retains eligibility for federal Title IV aid while in a status of either financial aid warning or financial aid probation.
The financial aid administrator must check the satisfactory academic progress requirement when certifying the loan and prior to disbursement of the loan funds to the student.

d. Minnesota Resident Student

Minnesota Resident Student is a student who meets one of the following conditions:

- a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;
- a dependent student whose parent or legal guardian resided in Minnesota at the time the student applies;
- a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student’s period of attendance at the Minnesota high school and the student, is physically attending a Minnesota postsecondary institution; or
- a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota and, if residing in another state, the student is physically attending a Minnesota postsecondary institution.

If a student graduated from a Minnesota high school but did not live in Minnesota at the time, the student is not considered a Minnesota resident for purposes of the SELF Loan.

e. Nonresidents

To be eligible to participate in the SELF Loan Program, students who are not Minnesota residents must be enrolled on at least a half-time basis and must have a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota. Nonresidents cannot be attending an out-of-state branch of a Minnesota school.

If a nonresident takes out the SELF Loan at a Minnesota school and transfers to an out-of-state school, the student is no longer eligible to borrow future loans from the SELF Loan Program.

f. Foreign Students or Undocumented Students

Foreign students on student visas or undocumented students attending an eligible school located in Minnesota are eligible to apply for SELF Loans. The student is required to have a creditworthy cosigner who is a U.S. citizen or a permanent resident.

Undocumented Minnesota residents are required to complete the Minnesota Dream Act State Financial Aid Application before receiving a SELF Loan. If the student does not have a social security number or tax identification number, a student identification number will be assigned by the Office. This same number can be used for the SELF Loan.

Foreign students are not required to complete the Free Application for Federal Student Aid (FAFSA). This should be documented in the student’s file. When a foreign student is applying for a SELF Loan without a social security number, the school should use the alien id number as the social security
number. If the alien id number has not been issued the school can contact the Office to obtain an identifying number to use.

Undocumented or foreign students without a social security number need to complete a paper application rather than the online application.

g. **Financial Eligibility**

Students applying for SELF Loans must demonstrate financial eligibility by meeting the Maximum Effort Test. To meet the Maximum Effort Test, the student must complete the FAFSA and the institution must have awarded all available federal, state, institutional and outside grant aid prior to the student applying for the SELF Loan. Students are not required to apply for other loans or work study before applying for SELF. It is up to the school’s discretion on how to handle veterans, military or ROTC benefits in determining SELF eligibility. A policy which is consistent for all students should be established regarding the handling of those benefits in relation to SELF Loan certification. It is recommended that all such educational related benefits including those paid directly to students for the loan period be included as estimated financial aid in order to minimize the amount the student is eligible to borrow.

Included in Appendix F is a copy of the Waiver of SELF Maximum Effort Test. This waiver can be utilized if the student has previously applied for financial aid and was found to demonstrate little or no financial need and his/her financial situation has not changed significantly since applying for financial aid. The FAFSA must be completed the first year at each institution. This waiver cannot be utilized if parents refuse to provide financial information. The student will not be eligible for the SELF Loan if a parent refuses to complete the FAFSA.

It is not necessary for students to complete the FAFSA if it is known the student would not qualify for aid for reasons such as: the school does not participate in federal or state aid programs, or the student is a foreign or graduate student. The reason for not completing the FAFSA should be documented in the student’s file.

The SELF Loan is not subject to child support holds.

h. **Default**

The student must not be currently in default, as defined by each program, of any student educational loan [e.g., FFEL, Direct Loan, FISL, Federal Perkins (NDSL), HPL, HEAL, Federal SLS, SELF or other state supplemental loan program, institutional loan program or any private educational loan program, etc.] at the current or any previous school. A student loan discharged in bankruptcy is, for purposes of the SELF Loan Program, considered to be currently in default. If the student has paid the defaulted loan(s) in full and can provide written documentation from the lender or note holder, then the SELF Loan Program may consider the applicant for a loan.

The school is expected to determine whether or not the student is in default of previous student loans by:
• checking loan history at the school;
• checking an available national student data base; and
• using any other information reasonably available to the school about the student’s prior student loan history—written, verbal (this includes asking the student) or electronic.

i. **Delinquency**

In order for new SELF Loans to be approved, the borrower or cosigner must not be currently delinquent on any outstanding SELF Loan. There is a 30-day window for any delinquent accounts to be brought current and have the loan reinstated. Delinquent loans are reviewed at least weekly by the Office for reinstatement. Subsequent disbursements will be canceled if any SELF Loans are delinquent on the scheduled disbursement date. Firstmark reviews accounts weekly and, if the loan is brought current within 30 days, the disbursement will be rescheduled. Students will need to reapply after the 30 days.

The school and any personnel associated with the school are not permitted to make interest payments on behalf of students in order to enable them to receive additional disbursements or loans.

j. **Cosigner**

The borrower must have a creditworthy cosigner as defined by SELF Rules. The SELF Loan does not permit the substitution or release of cosigners.

k. **Release of Consumer Credit Information: Borrower**

The borrower must agree to the release of information to a consumer credit bureau reporting agency as specified in SELF Rules 4850.0012, subpart 4.

l. **Registration for Selective Service**

If students do not register for Selective Service, they are still eligible for a SELF Loan.

4. **Cosigner**

a. **Citizenship/Residency/Eligibility**

The cosigner must be either a U.S. citizen or permanent resident, be at least 24 years old (18 years old if a sibling of the borrower) and must reside in the U.S. If the cosigner is in the U.S. military and is temporarily assigned outside the U.S., a U.S. address or APO address must be provided where mail can be sent to the cosigner.

b. **Creditworthy**

A creditworthy cosigner is one who, based on credit information available to the Office, has:

• no account balances discharged through bankruptcy;
• no garnishments, attachments, foreclosures, repossessions or suits;
• no more than $300 combined total in unsatisfied credit or unsatisfied payment obligations including, but not limited to, charged-off loans, credit, medical, utility accounts, collection items and tax or mechanics liens; and
• no more than five percent of total credit bureau balances past due, unless the amount past due is $300 or less.

c. Responsibility

The cosigner is jointly and separately responsible for making loan payments (principal, interest and other charges). The cosigner is relieved of this financial responsibility only in the event of death or total and permanent disability of the borrower.

d. Release of Consumer Credit Information: Cosigner

The cosigner must agree to the release of information to a consumer credit bureau reporting agency as specified in SELF Rules 4850.0012, subpart 4.

E. Postsecondary Institutions Participating in SELF

1. Institutional Responsibilities

The financial aid administrator at each postsecondary institution participating in the SELF Loan Program is responsible for seeing that the following requirements are carried out.

a. Certification

Each school participating in the SELF Loan Program agrees to perform the certification function for all SELF Loans. Certification means the school verifies and documents the student’s identity, eligible enrollment, satisfactory academic progress and cost of attendance; verifies the Maximum Effort Test; and calculates the maximum allowable SELF Loan eligibility. Three items must be aligned when certifying the SELF Loan: loan period, cost of attendance and estimated financial aid. The following items can be included in the cost of attendance and must be restricted to charges for the loan period:

• tuition and fees;
• room and board or a reasonable allowance as determined by the school for off-campus living;
• the cost of a computer utilized for educational purposes;
• child care expenses;
• technology fees assessed by the institution; and
• reasonable allowance for books, supplies, transportation and personal expenses.

Cost of attendance can include origination or guarantee fees for other student loans. The gross amount (the amount borrowed including origination and/or guarantee fees) of other student loans should be listed as financial aid for the period.

With the Maximum Effort Test, the student must complete the FAFSA and the institution must have awarded all available federal, state, institutional and outside grant aid (including veterans, military
and ROTC benefits depending upon school policy) prior to the student applying for the SELF Loan. Students are not required to apply for loans or work study before applying for SELF. It is not necessary for foreign, undocumented or graduate students to complete the FAFSA. Undocumented Minnesota residents are required to complete the Minnesota Dream Act State Financial Aid Application before receiving a SELF Loan.

Loan periods utilized should match FAFSA aid years and not cross aid years. Schools are to certify the SELF Loan only after it has a “clean” ISIR or SAR with verification completed and codes resolved.

The loan period is always the first day of a term/payment period and always ends on the last day of a term/payment period. It is not based on the day the student applies or when the school certifies the loan. If the school does not provide term dates to the Office and uses the option for default dates the loan period dates must be corrected during the certification process.

The school is expected to determine whether or not the student is in default of previous student loans by:

- checking loan history at the school;
- checking an available national student data base; and
- using any other information reasonably available to the school about the student’s prior student loan history—written, verbal (this includes asking the student) or electronic.

b. Unused Federal Eligibility

The school needs to determine the amount of federal loan eligibility not utilized by the student. This includes Direct subsidized and unsubsidized loans and Perkins loans. Schools that originate 25 or less loans per year are exempt from providing this information. If the student has no unused eligibility, zero must be reported. A blank field indicates the school did not calculate the amount. The number is based on information at the time the SELF Loan is certified. If the student later takes out additional federal loans, the school is not required to notify the Office.

c. Institutional Representative

Each school must designate one school official as the SELF Loan Program representative to supervise the following activities related to the Program. The school will:

- verify and document Minnesota residency if the student is attending an eligible school not located in Minnesota;
- disburse the loan check or credit the EFT to the student’s account if he/she is determined eligible;
- document in writing the disbursement date and disbursement amount of the loan check or electronically transferred funds amount (refer to Appendix E for Disbursement Checklist that may be used);
- for schools that do not participate in the National Student Clearinghouse (Clearinghouse):
  - notify Firstmark within 30 days when a student reduces enrollment below a half-time status or discontinues enrollment;
o complete and maintain copies of Firstmark’s periodic Enrollment Verification Reports and return reports within two weeks of receipt;

• ensure all refunds of school charges due the SELF Loan program are paid in a timely manner (within 30 days of the student’s official date of withdrawal) according to SELF Rules;

• withhold disbursement of loan funds to the student if the institutional representative knows at the time of delivery of the loan funds to the school that legal proceedings have begun which will affect a student’s enrollment status or academic progress. If the problem is not resolved within 30 days of the disbursement date, the funds must be returned to Firstmark with a brief explanation of why the loan was not disbursed;

• provide suggested disbursement dates that coincide with the beginning of the term dates but are not earlier than 10 days before the start of the term. The Office will reschedule disbursement dates requested too early;

• maintain documentation related to each student which will explain the SELF Loan amount recommended by the school (SELF Loan Certification Worksheet in Appendix G can be used to determine the recommended amount);

• exercise care and diligence in all SELF Loan program required activities; and

• maintain a student account as described under the section ‘Student Account Requirement.’

The school will not collect from students any additional fees or charges to cover the cost of originating loans under the SELF Loan Program.

d. SELFApp (Online Application)

For schools using the SELFApp process, the student applies online at www.selfloan.state.mn.us. Students are required to complete online counseling before applying for each SELF Loan. The school either certifies the loan using their school based software or certifies online. The borrower can choose to electronically or hand sign the application. If the borrower electronically signs the application, the cosigner will have the option to either electronically sign or hand sign. In order to electronically sign, the cosigner will need to pass an authentication examination through text message verification or by answering knowledge-based questions based on the cosigner’s credit and demographic information. If the note needs to be hand signed by any party, the cosigner will print the promissory note after the borrower and cosigner sections have been completed online. After any hand signatures are done, the application needs to be mailed to the Office. The Office matches up the electronic certification with the promissory note for processing. E-mails are sent throughout the application process to remind the borrower and cosigner when action is required. Appendixes H and I are descriptions of loan statuses to assist in determining where the loan is in the process.

The school must contact Firstmark’s School Hotline to utilize the online application.

The primary advantages of the online application are:

• a cosigner knows immediately if he/she qualifies; if not, the student can apply with another cosigner;

• relieves the school from manually completing paper applications; and
provides the Office cleaner data, reducing the number of applications returned to students for missing or incomplete information.

For schools not using SELFApp, students can request a paper application through the online application process.

e. **Electronic Funds Transfer (EFT)**

Electronic Funds Transfer (EFT) for purposes of this manual encompasses direct electronic transfer of funds between Firstmark and the school’s bank account and also the utilization of central disbursing through ScholarNet. Funds are transferred in one lump sum to the school’s designated bank account. Rosters are sent electronically or can be accessed at [www.firstmarkservices.com](http://www.firstmarkservices.com). If the school needs a check for a particular student, the school can contact the Office after the application has been submitted. Agreements must be signed with the Office for EFT transfer. If interested in EFT, please contact the Office.

f. **Disbursement of Loan Funds**

Each SELF check is made jointly payable to the student and the school. If the loan period covers more than one term up to four disbursements can be scheduled. The loan check(s) or EFT amount(s) will be sent or wired to the school on the scheduled disbursement date(s).

If a student decides within 30 days after disbursement he/she does not want the loan, he/she can return the funds and send a letter to Firstmark requesting cancellation of the loan. All interest charges within the 30 days will be waived.

If the student is no longer enrolled on at least a half-time basis when the loan funds are received by the school and the loan period covers more than one term, the school can disburse a portion of the loan proceeds to cover prior term(s) within the loan period. The school can disburse the funds as long as the student maintained at least half-time enrollment during the entire previous term(s) and was making satisfactory progress. The school should only disburse funds to cover amounts owed to the school for completed terms and requested living and miscellaneous expenses for the completed terms. Refer to the example in this section under ‘Disbursement After the Borrower Withdraws.

All SELF funds must be disbursed to the student or the student’s account within 30 days of the date of the check/funds transfer or the funds need to be returned to Firstmark. Interest will be billed to the student if funds are returned after 40 days.

g. **Disbursements for Clock-Hour Programs**

Institutions which offer clock-hour programs may disburse the first disbursement of a SELF Loan up to 10 days prior to the student’s enrollment in a program. If the student fails to begin classes on at least a half-time basis, the SELF Loan disbursement must be returned in full to Firstmark. For second and subsequent SELF Loan disbursements, a clock-hour institution may not disburse funds to the student’s account until the student has successfully completed the clock hours in the prior
payment period. For example, assume a student begins a 900 clock-hour program on September 1. The program is comprised of two 450 clock-hour terms. The student applied for was approved for a $7,500 SELF Loan. The institution certified the loan and asked for two disbursements of $3,750 each with the first disbursement scheduled for August 25 and the second disbursement scheduled for an estimated point in time by which the student should have completed 450 hours. If it becomes clear the student will not successfully complete the first 450 hours by the date of the second scheduled SELF disbursement, the institution may either receive and hold the funds if it believes the student will reach 450 hours within 30 days OR the institution may place a hold on the disbursement at Firstmark and release the hold after the student successfully completes 450 hours.

h. Disbursement When Funds Arrive Before the Loan Period

SELF Loan funds cannot be requested earlier than 10 days before the start of the loan period. If the school disburse funds directly to the student before the start of the loan period and the student officially withdraws before the start of the loan period, the school will be responsible for returning the entire SELF disbursement to Firstmark within 30 days. The school must verify the student is enrolled at least half-time and making satisfactory academic progress. A jointly payable check must be endorsed by both the student and the school. The school must subtract from the proceeds the amount owed for the payment period and make arrangements with the student for the use of any remaining funds. The remaining funds will be returned to the student in a timely manner or retained on account with the permission of the student. The school may not keep on account any more money than it charges for the payment period without the written permission of the student. If the student does not sign the SELF check within 30 days of the date on the check, the SELF disbursement must be returned to Firstmark.

SELF funds must be disbursed to the student or their account within 30 days of the date of the check/funds transfer or the funds need to be returned to Firstmark. In order to meet that deadline, it is recommended schools follow up with students who need to endorse checks no later than 20 days from the date of the check.

i. Disbursement When Funds Arrive During the Loan Period

When SELF Loan funds arrive during the loan period, the school must verify the student’s enrollment and satisfactory academic progress; endorse the check along with the student, if a check is used, and subtract from the proceeds the amount owed the school for the payment period; and make arrangements with the student for the use of any remaining funds. The student must be attending at least half-time at the time of disbursement. The student has the same options for receiving any remaining funds as described in the section of this manual entitled ‘Disbursement When Funds Arrive Before the Loan Period.’

If the student is on a school approved leave of absence when the funds arrive and is due to return to school within 30 days from the date on the check or receipt of EFT funds, the school may hold the funds until the student returns. If the student fails to return, the funds must be returned to Firstmark within 30 days from the date of the check/funds transfer. The school may keep funds for
any completed terms included in the disbursement. If the student does not sign the check within 30 days of the date of the SELF check, the check must be returned to Firstmark.

If the check or EFT payment is for two or more terms within the loan period, the school can only disburse funds for completed terms and the current term the student is enrolled in after satisfactory progress has been verified. The remaining balance can be held for up to 30 days or returned to Firstmark.

SELF funds must be disbursed to the student or their account within 30 days of the date of the check/funds transfer or the funds need to be returned to Firstmark. In order to meet that deadline, it is recommended schools follow up with students who need to endorse checks no later than 20 days from the date of the check.

j. Disbursement When Funds Arrive After the Loan Period

When SELF Loan funds arrive after the loan period, the school must verify the student was enrolled at least half-time and making satisfactory academic progress. The funds must be disbursed within 45 days from the end of the loan period. The school will subtract from the proceeds that amount owed to the school for the payment period and make arrangements with the student for use of any remaining funds. The student has the same options for receiving any remaining funds as described in the section of this manual entitled ‘Disbursement When Funds Arrive Before the Loan Period.’

Schools can disburse SELF Loan funds to students who have graduated as long as the funds are disbursed within 45 days from the end of the loan period.

Funds may be disbursed within 45 days from the end of the loan period; however, schools only have 30 days from the date of the check or receipt of the funds transfer to disburse SELF funds to the student or their account or the funds must be returned to Firstmark.

k. Disbursement Requiring Power of Attorney Endorsement

If a check is used to disburse loan funds, the SELF Loan check is jointly payable to the school and the student. Both parties must endorse the check. If the student is in an approved off-campus program and is not available to personally endorse the check, the school may mail the check to the student to obtain his/her signature or the student may provide the school with a notarized power of attorney form. The power of attorney authorization empowers some individual (e.g., the cosigner, parent or spouse—it cannot be an employee of the school) to sign the SELF check on behalf of the borrower so the check can be endorsed by the school and cashed.

The signature of the borrower on the Power of Attorney form must be notarized and a copy of the Power of Attorney form should be stapled to each check when it is sent by the school to the bank for payment. The original of the form should be filed in the financial aid office and be available to an Office auditor upon request. A sample power of attorney form for endorsing SELF checks is included in Appendix J.

l. Return of Loan Funds

Refer to Appendix D for Firstmark’s address to return SELF Loan funds. When returning funds,
please include:

- borrower name
- last four digits of the SSN
- disbursement date
- reason for return
- if needed, request to reissue at a later date or cancelation of future disbursements

Listed below are some common reasons to return funds and actions that will result:

- **Withdrawal** – account will be taken out of in-school status and put in the grace status. Future disbursements will be canceled.
- **Borrower does not want the funds** – account will remain in the in-school status. Future disbursements will not be canceled unless requested by the school or the borrower.
- **Enrollment has dropped below half-time** – account will be taken out of in-school status and put in the grace status. Future disbursements will be canceled.
- **Not making satisfactory progress** – account will remain in the in-school status. Future disbursements will not be canceled unless requested by the school or the borrower.

**m. Student Account Balances**

Unless otherwise authorized by the student, whenever the school applies state financial aid disbursements to a student’s account and determines the amount of those disbursements exceed the amount of allowable charges the school assessed the student, the school must pay that balance directly to the student as soon as possible but within 14 days of the later of the:

- the date that balance occurs,
- the first day of classes of a payment period/period of enrollment as applicable, or
- the date the student rescinds his or her authorization to hold funds; however no later than 45 days after the end of the loan period.

If an institution attempts to disburse funds by check or EFT to the student, and the school is unable to find a valid address or bank account, the funds must be returned to Firstmark within 45 days after the inability to locate the student.

The Office does not specify how a school should determine which financial aid funds created the credit balance. When possible, the Office encourages schools to return state financial aid fund balances to the SELF Loan Program first to reduce the amount the student needs to repay.

The school is permitted to retain interest earned on the student’s credit balance.

**n. Student Authorization**

An institution must obtain written authorization from the student allowing the institution to:

- disburse SELF payments via EFT;
- hold excess funds in the student’s account; or
- return excess funds to the SELF Program, if it is money the student is entitled to.
An institution must allow the student to rescind authorization at any time.

The authorization granted to an institution is valid for the award year or the period of enrollment in which the institution obtains that authorization. The initial authorization continues to be valid as long as the institution notifies the student in subsequent periods/years of provisions of the initial authorization including an explanation regarding any interest the institution earns on the student’s funds and whether the institution provides interest to the student. The notice must be in a plain and conspicuous manner and provide the student with the opportunity to cancel or modify provisions.

**o. Leave of Absence**

A leave of absence is a period of time approved by the school during which the student is not in attendance but is considered to be enrolled. Each school is required to have a formal leave of absence policy. It is recommended the school follow the definition used for federal financial aid programs as defined in 34 CFR 668.22(d). The student must follow that policy when requesting a leave of absence and the school must have approved the student’s request in accordance with its policy. One subsequent leave of absence may be granted if (1) the subsequent leave does not exceed 30 days, (2) the institution determines that the subsequent leave of absence is necessary due to unforeseen circumstances. Subsequent leaves of absence may be granted for documented jury duty, military reasons or circumstances covered under the Family and Medical Leave Act of 1993. The total of all leaves of absence cannot total more than 180 days in any 12-month period.

If the student is on a school approved leave of absence when funds arrive, the school can disburse funds for any completed terms included in the disbursement. If the student is due to return to school within 30 days from the date on the check/EFT, the school may hold undisbursed funds until the student returns. If the student fails to return or the student doesn’t sign the check, the funds must be returned to Firstmark within 30 days from the date on the check/EFT transfer. In order to meet that deadline, it is recommended schools follow up with students who need to endorse checks no later than 20 days from the date of the check.

**Note:** A leave of absence need not consist of consecutive days when granted.

If a student does not return at the expiration of an approved leave of absence, the student is considered to have withdrawn on the day the student began the leave of absence and will be moved to the Transition Period.

**p. Non-Enrollment**

If a student fails to enroll, the school must return the funds to Firstmark within 30 days of the date on the check/EFT.

**q. Withdrawal and Transfer to Another Eligible School**

If the student fails to complete the loan period at the school where the application was certified and transfers to another eligible school, any pending loan disbursements to the student must be
Schools not participating in the Clearinghouse must notify Firstmark within 30 days of any borrower who withdraws for any purpose. If there is a refund due the student, the school should return funds to Firstmark in accordance with the Office of Higher Education requirements using the appropriate Refund Calculation Worksheet. If adequate time and minimum loan eligibility ($500) remains, the borrower may apply for a new loan if the new school participates in the SELF Loan Program.

In order for the student’s “in-school” payment period to continue, the new school must participate in the SELF Loan Program either by having a signed agreement with the Office or by participating in the Clearinghouse. A list of schools with signed agreements is available at SELF Participating Schools. Firstmark can verify whether a school participates in the Clearinghouse. If the borrower transfers to a school that does not participate in the SELF Loan Program or the Clearinghouse, the borrower must enter the “Transition Period.” During the 12-month “Transition Period,” the borrower must make monthly rather than quarterly interest payments.

r. Disbursement After the Borrower Withdraws

If the student is no longer enrolled on at least a half-time basis when the loan funds are received and the loan period covers more than one term, the school can disburse a portion of the loan proceeds to cover prior term(s) within the loan period. The student must have maintained at least half-time enrollment during the entire previous term(s) and have made satisfactory progress. The school should only disburse funds to cover requested living and miscellaneous expenses and amounts owed to the school for completed terms.

If one check or EFT is received that covers more than one term, the funds received divided by the number of terms is the maximum amount the school can disburse per term completed. The school cannot use the full disbursed amount to cover one term. For example, a student who was enrolled at least half-time in a semester school submits an application on January 22, 2019, with a loan period of September 6, 2018, to May 31, 2019, and the second semester started January 22, 2019. The funds arrive at the school on February 14, 2019, and have not been disbursed when the student withdraws on February 18, 2019. The school can disburse up to half of the amount, since there are two terms, to cover amounts owed to the school from the first semester. However, no funds can be kept for charges for the second semester. If the student requests funds to cover miscellaneous living expenses for the first semester, those funds can be disbursed to the student.

If the check/EFT covers only the one term from which the student withdrew, the school cannot disburse the funds and must return the check/EFT to Firstmark.

s. Reinstatement of a Canceled Loan

Reinstatement of a canceled loan can occur as long as the student still qualifies for the loan. The school should contact Firstmark, refer to Appendix D to request the reinstatement. If the cost of attendance, financial aid received or the loan period changed, new information must be provided to Firstmark. Upon the school’s request for reinstatement, Firstmark will reinstate the loan if it is within 60 days of the original loan period end date. If it is beyond 60 days, approval should be
requested from the Office. The Office may request authorization from the cosigner to ensure the cosigner is still willing to be responsible for the loan.

2. Monitoring of SELF Borrowers

a. Enrollment Verification Reports

Schools that do not participate in the Clearinghouse must complete and return the periodic SELF Enrollment Verification Reports (EVR) issued by Firstmark. These reports request information on borrowers’ enrollment statuses and expected graduation dates. These reports must be returned to Firstmark within two weeks of receipt. The school should maintain copies of the EVR reports for audit purposes. The SELF Loan Program may suspend a school from the program if it fails to complete these reports.

b. Notification of Student Enrollment Changes

Schools that do not participate in the Clearinghouse must notify Firstmark within 30 days when it becomes aware of any changes in the student’s status that may affect his/her program eligibility. Examples of status changes affecting SELF eligibility include dropping below half-time status, withdrawal from school or graduation.

Schools that do not participate in the Clearinghouse must establish a method of informing the financial aid office of all student status changes affecting SELF eligibility. This requirement can be ensured if the financial aid office is routinely notified by the registrar’s office when any change in a student’s academic status occurs and if all students who withdraw from school are sent to the financial aid office for clearance. Schools should compare their lists of students registering for each term and receiving grades for each term with their lists of SELF Loan recipients.

c. Admission and Registration Records

Each school must keep admission and registration records that support the eligibility of each student borrower. The financial aid administrator should refer to these records when certifying the loan and when disbursing SELF funds to the student.

F. Loan Terms and Requirements

1. Cost of Attendance

The financial aid administrator must determine the maximum amount a student can borrow in the SELF Loan Program. The loan amount cannot exceed the cost of attendance minus other financial aid that the student will receive for the term(s) covered by the loan period. The cost of attendance includes:

- tuition and fees charged for the loan period;
- room and board charged for the loan period or a reasonable allowance as determined by the school for off-campus living;
• child care expenses;
• the cost of a computer utilized for educational purposes;
• any technology fees assessed by the institution; and
• a reasonable allowance as determined by the school for books, supplies, transportation and personal expenses.

The cost of attendance can include origination or guarantee fees for other student loans. The gross amount (the amount borrowed including origination and/or guarantee fees) of other student loans should then be listed as financial aid for the period.

The student need not borrow the full amount for which he/she is eligible, but must borrow at least $500.

2. Maximum Loan Amount

The Loan Limits Table below provides information on the annual and cumulative SELF Loan limits. For schools offering programs that qualify for different loan limits it is up to the school to determine the eligibility of individual students based on which program the student is enrolled in. If a school certifies a loan for more than $7,500 and the student is not enrolled in a bachelor or graduate program, the school will be liable any amount over $7,500.

The loan amount cannot exceed the cost of attendance less all other financial aid, including Federal PLUS loans borrowed on the student’s behalf. PLUS loans are considered financial aid because they benefit the student. Veterans, military and ROTC benefits are handled in the certification process as prescribed by school policy. A student who advances a grade level in the middle of an academic year may borrow at that new grade level as long as the cumulative SELF Loan debt maximum for that new grade level is not exceeded.

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Annual Limit</th>
<th>Cumulative Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Year</td>
<td>$20,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Graduate (including undergraduate)</td>
<td>$20,000</td>
<td>$140,000</td>
</tr>
<tr>
<td>1-3 Year Programs*</td>
<td>$7,500</td>
<td>$22,500</td>
</tr>
<tr>
<td>Programs Shorter Than 1 Year**</td>
<td>$3,500</td>
<td>$7,500</td>
</tr>
</tbody>
</table>

*Programs of at least 8-9 months or 900 hours

** Programs of less than 8-9 months or 900 hours

Schools can access information on students’ SELF Loans through Firstmark’s FirstDegree web site product. Refer to Appendix K for reports available on FirstDegree. If your school would like to sign up for FirstDegree, please contact Firstmark, refer to Appendix D. When the loan is ready to be approved by the Office, the student’s previous SELF debt will pre-populate so it is not necessary for the school to complete this information. The school can use FirstDegree to see the student’s SELF debt in order to determine if the student is eligible for a SELF Loan at the amount requested to avoid the Office denying or reducing the loan.
3. Grade Level

Grade level indicates the relative status of an eligible student in a degree or certificate granting program and usually corresponds to an academic year. Example: an eligible student in the second year of a four-year program would be in grade level 2. When indicating the student’s grade level the financial aid administrator is to use the student’s grade level as determined by the school’s registrar or comparable school official or the grade level definition listed in the institutional catalog. A student cannot be classified at a higher grade level just because they are taking longer to complete a program. For instance, a student in their fifth year of a four-year program is still only considered a grade level 4.

The school must have written definitions of grade level classifications in order to identify what standards are used to qualify a student’s movement from one grade level to the next for SELF Loan eligibility. Office auditors will verify that the school has written definitions for grade level classifications and will cite schools not in compliance with this requirement.

For the SELF Loan application, this can be the grade level as of the date of the application or, for a SELF Loan with a loan period equal to the institution’s academic year, it can be the grade level the student is expected to complete at the end of the first term of the loan period. On an individual student basis, the school can determine which grade level they prefer to use. Example: an institution classifies a student as a grade level 2 if he/she satisfactorily completes 48 credits. If the student had completed 46 credits and was applying for a SELF Loan for the next academic year, the institution would be able, at their option, to classify the student as a grade level 2 if the student registered for at least two credits. If, at the end of the first term, the student did not earn the higher grade level as expected, the school should cancel or return future disbursements until the higher level is earned. Refer to ‘New Grade Level: Middle of Academic Year’ for additional examples.

For clock hour schools, if you have a program that is 1,000 hours and your policy indicates that 900 hours is grade level 1 and 901-1,800 hours is grade level 2, you can certify a grade level 1 application to cover the 900 hours and then later submit a grade level 2 application for 100 hours as long as the minimum loan amount is $500, the loan period is at least 30 days and your cost of attendance and financial aid information cover only the 100 hours. Program classifications should be the same as those used for State Grant purposes.

Note: All new students at a school are a grade level 1 regardless of the number of years of prior postsecondary education, unless credits are transferred in to move the student to a higher grade level according to the school’s grade level definition.

4. Grade Level Three in an Associate’s or Certificate Program

If an associate’s or certificate program is longer than six quarters or four semesters in length for students attending full-time, students can be classified as grade level 3. When students start the fifth semester or seventh quarter they can be considered grade level 3. If the program is only seven quarters or five semesters the cost of attendance for those terms is only based on one semester or quarter and not a full year. Students who take seven quarters to complete a normal six-quarter program or five semesters to complete a four-semester program are not considered as grade level 3.
5. **Pre-Requisite Course Work for Transfer Students**

A student is eligible for a SELF Loan at a two-year college after earning an associate’s degree if the student’s course work is required for admission to a four-year degree program at another college or the student is already admitted to the four-year degree program and the course work will be applied to that program. This provision applies even if the student has exceeded the maximum time frame for satisfactory academic progress at the two-year college, since course work transferred to the four-year college will count against the maximum time frame for satisfactory academic progress at the four-year college. In instances where the student has already been accepted into a four-year degree program, the SELF Loan may be certified by the two-year college or the four-year college as long as the college is eligible to participate in the SELF Loan program.

Whichever college awards the SELF Loan for this type of course work must have documentation from the student that verifies the course work taken at the two-year college is required for entry into or will be applied to a four-year degree program at the four-year college. Such documentation should include a copy of the catalog or course schedule from the four-year college specifying pre-requisite or required course work needed for the four-year degree program and a statement of intent from the student that the course work is being taken for this purpose. SELF Loans for this type of course work are limited to no more than 30 semester or 45 quarter credits.

6. **Minimum Loan Amount**

The minimum loan amount for all students is $500.

7. **Multiple Loans: Same Academic Year**

A student may borrow more than once in the same academic year as long as:

- financial eligibility remains;
- the annual borrowing maximum (i.e., $7,500 or $20,000) is not exceeded;
- the cumulative loan debt maximum for that grade level is not exceeded; and
- the amount approved is at least $500.

8. **Multiple Loans: Same Grade Level**

A student may borrow the maximum loan amount (i.e., $7,500 or $20,000) twice in the same grade level as long as:

- a total of seven months elapses from the beginning of the first loan period to the beginning of the second loan period, and
- the cumulative loan debt maximum for that grade level is not exceeded.

**Note:** Because the aggregate borrowing maximum for grade level 1 is the same as the annual borrowing level, it is **NOT** possible to borrow the annual amount twice in grade level 1.

Refer to Appendix L for examples of borrowing multiple times at the same grade level.
9. **New Grade Level: Middle of Academic Year**

A student who advances a grade level in the middle of an academic year may borrow at that new grade level as long as the cumulative SELF Loan debt maximum for that new grade level is not exceeded. In calculating SELF eligibility, you must include as financial aid for the new grade level any SELF Loans that were already approved for the loan period even though the previous application may have been at a lower grade level.

For students who you expect might be able to change grade levels mid-year, we suggest one of the following options:

1) Complete the application using the grade level the student is expected to be at the end of the first term of the loan period. Refer to the example under the Section F (3) ‘Grade Level.’

2) Do two loan applications for the year; one for the existing grade level and one for the new, higher grade level when it is achieved. For semester schools, you would restrict the student’s loan period to a half-year or single semester on the first application. If, for example, you think the student will advance a grade level in the spring term, you could limit the loan period and accompanying costs and financial aid to the first semester. Then, at the spring semester, if he/she does advance a grade level, you can do a second SELF Loan application at the new grade level just for the spring semester using spring semester costs and spring semester financial aid. Schools using quarters need to determine when the student advances to a new grade level, apply for a short loan period and then apply again at the new grade level with a different loan period. This option allows the student to exhaust eligibility at the lower grade level before borrowing at the higher grade level.

3) Wait until the student advances the grade level. Then do a single SELF application for the whole year at the new, higher grade level. The disadvantages are the student will have to wait for the money and the student will exhaust their eligibility at the higher grade level sooner.

**a. Loan Periods**

Students enrolled in vocational programs can borrow up to three academic years while students enrolled in academic programs can borrow for up to eight academic years. For example, if a student borrows under SELF for two years for an academic program of study, drops out and then enrolls in a vocational or proprietary program, that student has only one year of SELF eligibility remaining. The loan period must be at least 30 days in length, but cannot exceed 12 months.

The loan period needs to match the attendance dates. If attendance dates change, the school must contact the Office to change the loan period and verify continued eligibility. If the start date of the loan period is delayed 60 or more days, the Office may require the cosigner to reaffirm their willingness to cosign.

**b. School Responsibilities**

The school deducts all school charges due upon receipt of the loan funds. The school’s payment schedule for SELF borrowers must not be more stringent than for nonborrowers.
10. Reporting Requirements

All SELF borrowers are to immediately notify Firstmark if they:

- withdraw from school,
- drop to less than half-time status,
- transfer to another school,
- change their postal or email address, phone number or name.

11. Interest Rate

The interest rate for Phase V variable rate loans is calculated every calendar quarter and the rate will vary throughout the life of the loan. The rate is calculated the first day of each calendar quarter (January 1, April 1, July 1 and October 1) by adding a fixed percentage (the “margin”) to the arithmetic average of the three-month London Interbank Offered Rates (LIBOR) rate for the previous calendar quarter (the “index”) rounded to the nearest tenth of one percent. As the index and/or margin increases or decreases over time, the interest rate charged to the borrower likewise increases or decreases. There is a requirement that the interest rate cannot increase or decrease by more than three percent during any four consecutive calendar quarters.

The current SELF fixed and variable rates can be found at SELF Loan Frequently Asked Questions. Historical interest information is available at SELF Loan Historic Rates.

12. Guarantee Origination/Fee

Currently, no guarantee or origination fees are charged. The Office reserves the right to reintroduce a guarantee fee on new loans. If the Office reinstates a guarantee fee, it will not be applied retroactively.

13. Disbursement Scheduling

Schools cannot request funds more than 10 days before the start of the loan period. Checks are made jointly payable to the borrower and the eligible school. If the loan period covers more than one academic or payment period and processing time permits, the loan will be disbursed in installments during each academic or payment period. For example, if an eligible school’s academic year is divided into quarters, the student’s loan amount must be disbursed in three installments, once each quarter.

The loan period should match the State Grant academic year. For programs that are shorter than the academic year, the length of the program would be the loan period. For loan periods which are a full academic year, the disbursements should match the number of terms within the academic year. The Office reserves the right to determine a more restrictive disbursement schedule on an individual school basis.

If there are special circumstances that warrant the student receiving the entire loan in one disbursement or uneven disbursement amounts, please contact the Office. Examples of special circumstances include study abroad expenses, purchase of specialized tools and flight training.
14. **Loan Cancellation**

If a student wishes to cancel his/her SELF Loan, the school or student should contact Firstmark. Refer to Appendix D for Firstmark contact information.

If the student’s SELF disbursement arrives at the school and the student wishes to cancel the loan, the student or school should return the funds to Firstmark within 30 days of the date of the check/EFT with an explanation regarding the cancellation. If the student only wants to return the first disbursement but still wishes to receive subsequent disbursements that information needs to be provided to Firstmark.

15. **Repayment Procedures**

a. **In-School Period**

   Borrowers pay accrued interest on a quarterly basis while in school. Interest payments start within 90 days of the disbursement of the loan funds.

b. **Transition Period**

   Borrowers who make monthly interest payments during the first 12 months after their enrollment level drops below half-time are considered to be in the “Transition Period.”

c. **Repayment Plans/Repayment Period**

   There are two repayment plans: the Standard Plan and the Extended Interest Plan.

   - **Standard Plan**
     
     In the Standard Plan, the borrower makes monthly payments of interest only for up to 12 months. Then repayment of principal and interest starts no later than the 13th month after enrollment drops below half-time.

   - **Extended Interest Plan**
     
     In the Extended Interest Plan, the Transition Period (where interest only is paid monthly) is extended up to an additional two years unless the borrower is required to start repayment sooner. The borrower makes monthly interest-only payments for up to three years instead of one year. With the Extended Interest Plan, repayment of principal and interest starts no later than the 37th month after enrollment drops below half-time.

Borrowers will be mailed notification of possible repayment options and an Extended Interest Option Form near the end of the Transition Period but before entering the Repayment Period. If the borrower completes and returns the form within the allowed time, the borrower will be placed in the Extended Interest Plan. Those who do not return the Extended Interest Form will remain in the Standard Plan. **The Extended Interest Plan does not extend the term of repayment.** During repayment, the borrower must pay a monthly payment on all his/her SELF Loans in repayment.
status that will pay off the loans in the required time period or $50 per month, whichever is greater. There is no penalty for prepaying loans.

SELF V Loans are required to start repayment nine years after disbursement. There are three repayment tiers: 10 years for SELF Loan balances under $20,000; 15 years for balances of $20,000 up to $40,000; and 20 years for balances of $40,000 or greater. All of the student’s SELF loans are included in the calculation of the repayment term but only the SELF V Loans receive the longer repayment.

Once the borrower enters the Transition Period or the Repayment Period, the borrower can return to in-school status as long as he/she returns at least half-time to a SELF participating or maintenance school within three years of the separation date and has not started a required Repayment Period. The separation date is the date the borrower graduated, left a SELF member school or enrollment dropped below half-time. Borrowers can view their separation date at FirstTrack at www.firstmarkservices.com under general loan information. The borrower needs to contact Firstmark to obtain a form requesting return to the in-school status. The form needs to be completed by the borrower and returned to Firstmark and any interest owed needs to be paid. Firstmark will verify school enrollment before the loan will be returned to in-school status.

The borrower can change from the Standard Repayment Plan to the Extended Interest Plan as long as eligibility remains and a mandatory repayment period has not started. The borrower will only be able to utilize the Extended Interest Plan prior to a mandatory repayment period and only for the months remaining within the three years from the date of separation.

d. **Combined Billing**

All of a borrower’s SELF Loans will be combined into one billing statement with one due date unless the borrower requests different due dates.

e. **Late Payments**

Borrowers may be penalized with a fee of up to $20 for payments of principal or interest received by Firstmark more than 15 days after the scheduled due date.

Diligence activities are performed by Firstmark starting when the account is 16 days past due. Approximately every 15 days there is a letter or phone attempt to contact the borrower and cosigner. Diligence activities continue until the loan defaults, which occurs when the loan is over 120 days delinquent. If a SELF Loan is 60 days or more past due, the delinquency is reported to the credit bureau for both the borrower and cosigner.

f. **Interest Capitalization**

Interest payments during the in-school period that are delinquent in excess of 120 days may be capitalized by Firstmark. Capitalization of past due interest is limited to 180 days of interest.
g. **Forbearance**

A borrower may be granted two 120 day forbearance periods over the life of the loan. The Office will grant a forbearance upon receipt of a signed request from both the borrower and cosigner. The signature requirement can be waived in certain circumstances.

h. **School Payment of Student Interest**

Schools and school personnel are prohibited from paying interest on a student’s loan unless the interest resulted from a late return of funds by the school. Payment of interest by the school artificially delays the default potentially allowing the borrower and cosigner to obtain other financial benefits they are not entitled to.

i. **Default**

If the borrower is delinquent in payment beyond 120 days or has failed to meet any of the other conditions of the loan, the loan will default in accordance with established processing requirements. If a loan goes into default, the Office will take one or more of the following actions:

- file a revenue recapture claim to intercept the borrower’s and cosigner’s Minnesota state income tax refunds, property tax refunds, special rebates or refunds and lottery winnings;
- take legal action against the borrower and cosigner for repayment;
- report the borrower’s and cosigner’s default to the credit bureau;
- use the Minnesota Department of Revenue and private collection agencies to recover defaulted loans;
- add collection fees to the defaulted balance; and
- withhold Minnesota state grant awards and certain other types of aid. If a defaulted loan is sent to a collection agency there is a permanent state grant hold.

j. **Bankruptcy**

Federal bankruptcy laws exclude from discharge student loans made by a state agency except in the case where hardship circumstances are approved by the court. If a borrower is adjudicated bankrupt and has liability for the SELF Loan discharged, the cosigner, if not part of the bankruptcy, remains liable for unpaid principal and interest.

If a borrower has a SELF Loan that is current on payments with a cosigner in bankruptcy status, the borrower can be approved for a new SELF Loan with a different cosigner. The Office will reach out to the borrower to make sure they understand they will not be billed for any loan tied to a Chapter 13 bankruptcy until the bankruptcy ends.

k. **Death and Disability Provisions**

If the borrower dies, the borrower’s and the cosigner’s obligation to pay principal and interest is canceled as of the date documentation of the death is received by the Office. If your school becomes aware of the death of a borrower, please contact the Office immediately so a hold can be
put on the account for any collection letters or phone calls. The loan will be canceled upon receipt by the Office or Firstmark of a copy of the death certificate.

If the cosigner dies, the borrower is still responsible for repayment.

If, after disbursement of the loan, the borrower becomes totally and permanently disabled, the borrower and cosigner obligation to make any further payment of principal and interest on a SELF Loan is canceled as of the date medical documentation is received and accepted by the Office. Totally and permanently disabled means the inability to engage in any gainful employment activity because of a medically determinable impairment which is expected to continue for a long and indefinite period or to result in death. This disability must have occurred after the loan was fully disbursed.

If, after disbursement of the loan, the borrower becomes temporarily and totally disabled, the borrower may be eligible for a temporary disability status. Upon acceptable medical documentation, no interest will accrue and no payments will be required for a limited period of time. The anticipated disability status must be a minimum of four months. The status can be renewed for up to one year at a time with a maximum of no more than three years. At the end of the nonaccrual of interest period, payments must be resumed at an amount necessary to repay the loan in the time period required by the promissory note unless the Office is able to negotiate a payment extension agreement.

If, after disbursement of the loan, the cosigner becomes totally and permanently disabled, the cosigner’s obligations to make any further payment of principal and interest on a SELF Loan are canceled as of the date medical documentation is received and accepted by the Office. This disability must have occurred after the loan was fully disbursed. The borrower is still responsible for repayment.

G. SELF Appeals Process

Included in Appendix M is a copy of the SELF Loan Servicing Appeals Process. Appeal information is sent to borrowers with the Disclosure Statement. The appeal process is to be followed if the borrower or cosigner has a problem with Firstmark.

H. State Audits

1. General Requirements

Office auditors or auditors designated under Minnesota Statute 136A.1313 will periodically visit participating institutions to perform an audit. Each participating institution must establish a procedure by which an auditor can conduct an audit by going to no more than three administrative offices within the school. In most cases, these will be the financial aid office, the business office and the registrar’s office, but that choice is made by the school.
All pertinent books, documents, papers and records for audit and examination must be available to auditors for three years after the last day of a fiscal year or until audit exceptions for the period are resolved.

2. **Student Eligibility**

The institution must have written documentation to support the student’s eligibility, including the following:

- each student borrower attending an out-of-state institution was an eligible Minnesota resident;
- the student borrower was enrolled at least half-time from the date of loan application through disbursement of SELF funds (the actual documentation, such as a fee statement or transcript, need not be kept at the audit location but must be readily available at the registrar’s office or other responsible department within the institution);
- the student was properly enrolled and making satisfactory academic progress as defined by the institution at the time of loan application and disbursement of SELF funds. The satisfactory progress determination should be based on the last review done prior to the current term. For schools participating in federal financial aid programs it is required that the federal definitions for satisfactory progress which are found in the Code of Federal Regulations Title 34, Sections 668.16(e), 668.32(f) and 668.34 be utilized. The federal definitions are recommended to be used by schools not participating in federal financial aid programs;
- the estimated financial aid and a reasonable cost of attendance were documented for each student (the institution may use a documented, standardized cost of attendance if it wishes); and
- the borrower was eligible for the loan amount recommended by the institution.

The institution must document how the cost of attendance was determined. Copying the certification screen is not adequate since the screen does not document how the cost was determined.

The institution must document the date of disbursement to the borrower.

Within 30 days of receipt of the loan funds, the financial aid office must:

- verify the enrollment and satisfactory progress of the borrower (the school is liable to the SELF Loan Program for funds delivered to students who were not properly enrolled). The satisfactory progress determination should be based on the last review done prior to the current term;
- deliver a loan check or transfer funds electronically to the borrower if he/she is eligible; and
- return SELF Loan funds to Firstmark for those borrowers not currently eligible.

Refer to Appendix E for a Disbursement Checklist that can be used by schools to ensure all the required steps have been taken prior to disbursing the SELF Loan.

3. **Refunds**

The proper refund amount must be calculated according to the Office regulations governing the SELF Loan Program and returned to Firstmark within 30 days. Written documentation of the refund calculation should be retained in the student’s file at the school, refer to the appropriate Refund Calculation Worksheet.
The school is generally not required to issue a refund to SELF when unanticipated aid comes in after the SELF Loan has been disbursed. If the additional aid results in a refund, the refund should be returned to the SELF Loan Program if the student’s total aid exceeds the cost of attendance. If the student’s total aid does not exceed the cost of attendance the refund should go to the student unless the student has requested in writing to have the excess refunded back to the SELF Loan. The school may also reduce future disbursement amounts of the SELF Loan if total aid exceeds the cost of attendance.

**Note:** How schools calculate refunds also depends on the school’s policy for handling ROTC and VA benefits.

### 4. Withdrawal Date

For schools participating in federal financial aid programs, withdrawal date is as defined in the Code of Federal Regulations (CFR) 668.22. Schools not participating in federal aid programs are subject to any definition of withdrawal date that exists in state law or, if none exists, institutional policy.

### 5. Student Account Requirements for State Financial Aid

Schools must maintain a student account for each student. The school must provide the student with an itemized statement of the account at least annually and upon termination of enrollment.

Unless otherwise authorized by the student, whenever an institution applies state financial aid disbursements to a student’s account and determines that the amount of those disbursements exceeds or exceeded the amount of allowable charges the institution assessed the student, the institution must pay that balance directly to the student as soon as possible but within 14 days of the later of:

- the date that balance occurs,
- the first day of classes of a payment period/period of enrollment as applicable, or
- the date the student rescinds his or her authorization to hold funds.

If an account balance remains after paying current year charges, the school may apply funds to satisfy any remaining prior year charges for tuition, fees, room or board and, with written authorization from the student, other educationally related charges.

If a school receives authorization to hold excess funds, the school must identify the student or parent and the amount of funds the school holds for the student or parent in a subsidiary ledger account designated for that purpose. The school also must maintain, at all times, cash in its bank account at least equal to the amount the school holds for students. Because state financial aid funds are awarded to students to pay current year charges, notwithstanding any authorization obtained by a school from a student or parent, the school must pay any remaining state credit balance by:

- the end of the loan period for state loans, and
- the end of the last payment period in the award year for which they were awarded for any other remaining balance of state financial aid disbursements.
If an institution attempts to disburse funds by check or EFT transaction to the student and the check is returned to the institution or the EFT transaction is rejected, the institution may make additional attempts to disburse the funds to the student, provided those attempts take place within 45 days after the funds were returned or rejected. If no additional attempts to disburse funds are made, the funds must be returned to the program within that 45-day period. If an institution attempts to disburse funds by check to the student and the check is not cashed, the institution must return funds to the program within 240 days of the check being issued.

If a school cannot locate a student to whom a state financial aid credit balance must be paid, the school must return the credit balance to the appropriate state financial aid program. The Office does not specify how a school should determine which financial aid funds created the credit balance. However, when possible, the Office encourages schools to return state financial aid fund balances to the SELF Loan program first to reduce the likelihood of default.

The school is permitted to retain any interest earned on the student’s credit balance funds.

6. Document Requirements for State Audits for the SELF Loan Program

Each institution must be able to produce the following for auditors:

- individual student financial aid files for SELF borrowers and related student account records;
- written definition of full-time student;
- written definition of half-time student;
- written definitions of grade level classifications in order to identify what standards are used to qualify a student’s movement from one grade level to the next for SELF Loan eligibility;
- written documentation/verification of student’s enrollment status on at least a half-time basis;
- written documentation/verification supporting budgetary attendance costs of borrowers and estimated financial aid;
- written documentation of each student’s SELF Loan disbursement, including the date of disbursement and a dollar amount disbursed (refer to Appendix E for Disbursement Checklist that may be used); and
- copies of enrollment verification reports sent by Firstmark to schools that do not participate in the Clearinghouse (keep for three years after the last day of a fiscal year or until audit exceptions for the period are resolved).

I. Financial Aid Administrators Web Page

A Financial Aid Administrators Resource page is available at Financial Aid Resources. Items on this page are available to print and use in your office or distribute to your interested students. This webpage is only for use by financial aid administrators.
J. Loan Counseling

SELF Loan counseling is required for each new loan application. Online counseling takes about 10-15 minutes to complete. The student reviews information on the SELF Loan Program and takes a 10-question quiz. If the student misses any questions, the text and the question along with the correct answer will appear. The student has two opportunities to review and retake the missed questions. If, after three attempts, the student still has not correctly answered all questions in the quiz, the student will be advised to review the information carefully before retesting. For students who do not have access to a computer, counseling is included as part of the paper application. The student will be required to sign the counseling form and return it to the Office in order for the SELF Loan to be approved.

K. Clearinghouse Information

If your school is interested in joining the National Student Clearinghouse, please call the Clearinghouse at 703.742.7791 for more information. There is no charge for schools to join the Clearinghouse.
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<tr>
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<tr>
<td>Loan Periods</td>
<td>25</td>
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<td>Cumulative Student Loan Debt</td>
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<tr>
<td>Minimum</td>
<td>24</td>
</tr>
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<td>New Grade Level, Middle of Academic Year</td>
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</tr>
<tr>
<td>136A.155</td>
<td>ADDITIONAL INSTITUTION ELIGIBILITY REQUIREMENTS.</td>
</tr>
<tr>
<td>136A.16</td>
<td>POWERS AND DUTIES OF OFFICE.</td>
</tr>
<tr>
<td>136A.162</td>
<td>CLASSIFICATION OF DATA.</td>
</tr>
<tr>
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<td>SUPPLEMENTAL AND ADDITIONAL LOANS.</td>
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</tbody>
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### Appendix B: Minnesota Administrative Rules

**Chapter 4850, Supplemental Student Loans**  
Minnesota Office of Higher Education  
https://www.revisor.mn.gov/rules/4850/

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<th>Section</th>
<th>Title</th>
<th>Rule</th>
<th>Section</th>
<th>Title</th>
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</thead>
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| 4850.0010 | PURPOSE.  
4850.0011 | DEFINITIONS.  
4850.0012 | SCHOOL AGREEMENTS AND STUDENT APPLICATIONS.  
4850.0013 | CREDIT SCORE.  
4850.0014 | AMOUNT AND TERMS.  
4850.0015 | LOAN DISBURSEMENTS.  
4850.0016 | NONENROLLMENT, TRANSFER, AND WITHDRAWAL.  
4850.0017 | REPAYMENT PROCEDURES.  
4850.0018 | CLAIMS.  
4850.0020 | LOAN FORGIVENESS.  
4850.0021 | NONACCRUAL OF INTEREST PERIOD DURING A TEMPORARY TOTAL DISABILITY.  
4850.0022 | ACTIVE MILITARY DUTY INTEREST REDUCTION BENEFIT.  
4850.0024 | DEFAULTED LOAN REHABILITATION.

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## Appendix C: SELF Loan Contacts

<table>
<thead>
<tr>
<th>Minnesota Office of Higher Education</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SELF Program Contact Information</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Borrower and School Phone Lines</strong></td>
<td>651.642.0567 or 800.657.3866</td>
</tr>
<tr>
<td></td>
<td>Staff are available Monday through Friday,</td>
</tr>
<tr>
<td></td>
<td>from 8:00 a.m. to 4:30 p.m. Central Time.</td>
</tr>
<tr>
<td><strong>PO Box to Mail Applications</strong></td>
<td>Office of Higher Education</td>
</tr>
<tr>
<td></td>
<td>PO Box 64449</td>
</tr>
<tr>
<td></td>
<td>St. Paul, MN 55164</td>
</tr>
<tr>
<td><strong>Physical Address</strong></td>
<td>Office of Higher Education</td>
</tr>
<tr>
<td></td>
<td>1450 Energy Park Drive, Suite 350</td>
</tr>
<tr>
<td></td>
<td>St. Paul, MN 55108-5227</td>
</tr>
<tr>
<td><strong>Fax Number</strong></td>
<td>651.642.0570</td>
</tr>
<tr>
<td><strong>SELF email address</strong></td>
<td><a href="mailto:selfloan.ohe@state.mn.us">selfloan.ohe@state.mn.us</a></td>
</tr>
<tr>
<td><strong>SELF Loan website</strong></td>
<td><a href="http://www.selfloan.state.mn.us">www.selfloan.state.mn.us</a></td>
</tr>
<tr>
<td><strong>Financial Aid Administrators SELF Resources website</strong></td>
<td><a href="https://www.selfloan.state.mn.us/ssl/de_inst_1.cfm">https://www.selfloan.state.mn.us/ssl/de_inst_1.cfm</a></td>
</tr>
<tr>
<td><strong>SELF Loan Assistant Manager</strong></td>
<td>Sheila Price</td>
</tr>
<tr>
<td></td>
<td>651.355.0602</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:sheila.price@state.mn.us">sheila.price@state.mn.us</a></td>
</tr>
<tr>
<td><strong>SELF Loan Manager</strong></td>
<td>Marilyn Kosir</td>
</tr>
<tr>
<td></td>
<td>651.355.0600</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:marilyn.kosir@state.mn.us">marilyn.kosir@state.mn.us</a></td>
</tr>
</tbody>
</table>
### Appendix D: Firstmark Services Contact

<table>
<thead>
<tr>
<th>Firstmark – Financial Aid Administrators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SELF Program Contact Information</strong></td>
</tr>
<tr>
<td><strong>School Contacts</strong></td>
</tr>
<tr>
<td><strong>Fax Number</strong></td>
</tr>
<tr>
<td><strong>Email</strong></td>
</tr>
</tbody>
</table>
| **Address for returning disbursement checks and other school correspondence** | Firstmark Services  
PO Box 82522  
Lincoln, NE 68501-2522 |

<table>
<thead>
<tr>
<th>Firstmark - Borrowers or Cosigners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SELF Program Contact Information</strong></td>
</tr>
</tbody>
</table>
| **Borrower Services**                    | 888.295.0713 (Automated 24 hours)  
Representatives are available Monday through Friday from 7:00 a.m. to 8:00 p.m. Central Time |
| **Fax Number**                           | 866.258.9222 |
| **Borrower Payment Address for SELF Loans** | Firstmark Services  
PO Box 2977  
Omaha, NE 68103-2977 |
| **Correspondence Address**               | Firstmark Services  
PO Box 82522  
Lincoln, NE 68501-2522 |
| **Website Access**                       | SELF borrower and cosigner information is available at:  
www.firstmarkservices.com |
## Appendix E: Disbursement Checklist

### Paper Checks:

<table>
<thead>
<tr>
<th>Date of Check:</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Amount of Check:</td>
<td></td>
</tr>
<tr>
<td>Date check endorsed by school:</td>
<td></td>
</tr>
<tr>
<td>Date check endorsed by student:</td>
<td></td>
</tr>
<tr>
<td>Was student enrolled at least half-time on date check was endorsed by student?</td>
<td></td>
</tr>
<tr>
<td>Is the student maintaining Satisfactory Academic Progress?</td>
<td></td>
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</table>

### EFT Funds:

<table>
<thead>
<tr>
<th>Date of EFT:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of EFT:</td>
<td></td>
</tr>
<tr>
<td>Date funds posted to student’s account:</td>
<td></td>
</tr>
<tr>
<td>Was student enrolled at least half-time on the date funds were posted to the student’s account?</td>
<td></td>
</tr>
<tr>
<td>Is the student maintaining Satisfactory Academic Progress?</td>
<td></td>
</tr>
</tbody>
</table>
Appendix F: Waiver of SELF Maximum Effort Test

Minnesota Office of Higher Education
1450 Energy Park Drive, Suite 350, St Paul, MN 55108-5227

Waiver of SELF Maximum Effort Test
(Form cannot be used for families who will not complete the FAFSA)

If the student meets the following requirements, a FAFSA is not needed.

[ ] Student applied for financial aid last year and was found to demonstrate little or no financial need. The FAFSA must be completed the first year unless the student is a foreign or graduate student who would not be eligible for aid. Undocumented Minnesota residents are required to complete the Minnesota Dream Act State Financial Aid Application for the first year.

[ ] The student’s family financial situation has not changed or has not deteriorated since last year.

I, the Financial Aid Administrator, believe that little or no financial need would be found if an application were to be filed this year.

__________________________________________  ______________________________
Financial Aid Administrator’s Signature         Date Signed

When completed, please place this form in the applicant’s financial aid file.
Appendix G: SELF Loan Certification Worksheet

This worksheet can assist in completing the School’s Certification of the SELF Loan Application.

Student’s Name: _________________________________________  Loan Period: ______________________

**Cumulative SELF Loan Debt** – includes all prior SELF Loan debt. Excludes the current SELF Loan application.

**Federal Loan Eligibility NOT utilized** – includes federal unsubsidized, subsidized and Perkins loans the student was eligible for and declined. Does not include PLUS Loans.

**Total Estimated Financial Aid** – Includes all financial aid, loans, etc. the students will receive or has been awarded for the loan period (except the current SELF Loan application amount).

<table>
<thead>
<tr>
<th>Program</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
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<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

$_________ * Student’s requested amount on the SELF Loan application (minimum $500)

$_________  Cost of Attendance (COA) for loan period on the application

$_________  Estimated Financial Aid (EFA) for loan period on the application

$_________ *  COA minus EFA

$_________ *  Student’s “SELF Annual Grade Level” Limit. Dollar amount corresponding to student’s grade level: 4 year = $20,000, 2 year = $7,500 and programs less than a year $3,500.

$_________  SELF Loan Cumulative Limit per grade level (*see chart below*)

$_________  Student’s Cumulative SELF Debt – excluding current application (Debt is available on FirstDegree on Firstmark’s web page)

$_________ *  SELF Cumulative Limit minus Student’s Cumulative SELF Debt

$_________  **Recommended Loan Amount** – Select the LOWEST dollar amount from the lines marked with an asterisk (*).

<table>
<thead>
<tr>
<th>SELF Loan Cumulative Borrowing Limits</th>
<th>Grade Level</th>
<th>Bachelor’s and Graduate Programs</th>
<th>2 Year Programs</th>
<th>Programs &lt; 1 year or &lt; 900 clock hours</th>
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<tbody>
<tr>
<td>1</td>
<td></td>
<td>$20,000</td>
<td>$7,500</td>
<td>$3,500</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>$40,000</td>
<td>$15,000</td>
<td>$7,500</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>$60,000</td>
<td>$22,500</td>
<td></td>
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<tr>
<td>4</td>
<td></td>
<td>$80,000</td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td></td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6-9</td>
<td></td>
<td>$140,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix H: Status Descriptions for Online Application

<table>
<thead>
<tr>
<th>FLOW</th>
<th>CODE</th>
<th>LOAN STATUS</th>
<th>STATUS DESCRIPTION</th>
<th>OFFICE MEANING</th>
<th>What does a customer need to do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI</td>
<td>PreOrig- Incomplete</td>
<td>Pending Incomplete</td>
<td>Borrower has created a SELFApp account and created a note but has not yet requested a cosigner.</td>
<td>Borrower must finish Online Application.</td>
<td></td>
</tr>
<tr>
<td>PM</td>
<td>PreOrig – Cosigner Requested</td>
<td>Pending Cosigner</td>
<td>Borrower has requested a cosigner and has not e-signed.</td>
<td>Cosigner must log into SELFApp to agree to cosign and perform a credit check.</td>
<td></td>
</tr>
<tr>
<td>PE</td>
<td>PreOrigAwaiting Signature</td>
<td>Pending Signature</td>
<td>Borrower has requested a cosigner and has e-signed the application.</td>
<td>Cosigner must log into SELFApp to agree to cosign, perform a credit check and identity validation.</td>
<td></td>
</tr>
<tr>
<td>PK</td>
<td>PreOrig – Awaiting Cosigner Signature</td>
<td>Pending Cosigner Signature</td>
<td>Cosigner has passed the credit check and needs to electronically or wet sign the application.</td>
<td>Cosigner has been credit approved and needs to sign the application.</td>
<td></td>
</tr>
<tr>
<td>PQ</td>
<td>PreOrig – Pending Disclosure</td>
<td>Pending Acceptance</td>
<td>Loan is pending borrower acceptance of the Approval Disclosure.</td>
<td>Borrower has 30 calendar days to accept the loan terms either electronically via SELFApp, or by contacting the Office.</td>
<td></td>
</tr>
<tr>
<td>PB</td>
<td>PreOrig – Pending Borrower Cert</td>
<td>Pending Borrower Certification</td>
<td>Borrower has accepted the Approval Disclosure but has not returned the Self-certification form.</td>
<td>Borrower needs to sign the Self-certification form, either electronically or on paper. If paper, the borrower needs to submit the form to the Office.</td>
<td></td>
</tr>
<tr>
<td>PC</td>
<td>PreOrig – Pending Certification</td>
<td>Pending School Certification</td>
<td>The loan is complete, all signatures and Approval Disclosure documentation are received. The Office is waiting for the school to certify the loan.</td>
<td>There is no action for customer to take. The Office is waiting for Certification from the school.</td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>PreOrig – Approved</td>
<td>Pre-Approved</td>
<td>Note is certified and waiting for approval.</td>
<td>There is no action for customer to take. The Office will review and process the loan.</td>
<td></td>
</tr>
<tr>
<td>O</td>
<td>Origination</td>
<td>Pending Disbursement</td>
<td>The loan has been approved.</td>
<td>There is no action for customer to take. All documentation and calculations are re-verified before disbursements are set up.</td>
<td></td>
</tr>
<tr>
<td>S</td>
<td>School</td>
<td>School</td>
<td>A scheduled disbursement has been sent to the school.</td>
<td>Borrower starts interest only payments.</td>
<td></td>
</tr>
</tbody>
</table>
## OTHER STATUSES

<table>
<thead>
<tr>
<th>CODE</th>
<th>LOAN STATUS</th>
<th>STATUS DESCRIPTION</th>
<th>OFFICE MEANING</th>
<th>What does a customer need to do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR</td>
<td>PreOrig – Research</td>
<td>Pending Review</td>
<td>Cosigner credit check triggered a Red Flag rule. This includes (but may not be limited to) ID theft alerts, Consumer Deceased Alerts, or SSN Mismatches.</td>
<td>Office needs to research and determine whether credit should be approved or denied. Cosigner does not need to take action unless they receive an email/letter/phone call requesting information.</td>
</tr>
<tr>
<td>PX</td>
<td>PreOrig – Cancelled</td>
<td>Cancelled by Borrower</td>
<td>Borrower or cosigner cancels application via Consumer SELFApp.</td>
<td>Consumer cancelled application. Customer cannot do anything to change the status.</td>
</tr>
<tr>
<td>IA</td>
<td>Inactive</td>
<td>Cancelled by Lender</td>
<td>Office has cancelled the loan.</td>
<td>Customer cannot do anything to change this status.</td>
</tr>
<tr>
<td>PD</td>
<td>PreOrig – Denied</td>
<td>Denied</td>
<td>Cosigner has a credit result of Denied/Research or Denied or school has declined to certify the loan.</td>
<td>Application is denied. Customer cannot do anything to change the status.</td>
</tr>
<tr>
<td>PG</td>
<td>PreOrig – Declined</td>
<td>Pending New Co signer</td>
<td>Cosigner has declined to cosign. Borrower receives email notification that they can go back in and add a different cosigner.</td>
<td>Borrower must select a new cosigner.</td>
</tr>
<tr>
<td>SO</td>
<td>Send Back – Orig</td>
<td>Returned</td>
<td>Office has returned application to borrower, cosigner or school for missing information.</td>
<td>Missing information must be provided.</td>
</tr>
</tbody>
</table>

## HEOA STATUSES

<table>
<thead>
<tr>
<th>CODE</th>
<th>LOAN STATUS</th>
<th>STATUS DESCRIPTION</th>
<th>OFFICE MEANING</th>
<th>What does a customer need to do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PW</td>
<td>PreOrig – Pending Decline</td>
<td>Pending Cancellation</td>
<td>Borrower has declined the Approval Disclosure</td>
<td>Borrower has declined the Approval Disclosure (either electronically via SELFApp or by contacting the Office). Borrower can change his/her mind and accept the disclosure within the initial 30 days, but otherwise the loan will be canceled.</td>
</tr>
<tr>
<td>X</td>
<td>Cancelled</td>
<td>Cancelled</td>
<td>Loan has been cancelled</td>
<td>Customer cannot do anything to change this status.</td>
</tr>
</tbody>
</table>
# Appendix I: SELF Loan Status Definitions

<table>
<thead>
<tr>
<th>SELF Loan Status Definitions</th>
<th><a href="http://www.firstmarkservices.com">www.firstmarkservices.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankruptcy Adversarial</td>
<td>The borrower/cosigner has filed an Adversarial bankruptcy petition.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 7</td>
<td>The borrower/cosigner has filed a Chapter 7 bankruptcy petition.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 7 Monthly Interest</td>
<td>The borrower/cosigner has filed a Chapter 7 bankruptcy petition and has Monthly Interest Payments Due.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 7 Quarterly Interest</td>
<td>The borrower/cosigner has filed a Chapter 7 bankruptcy petition and has Quarterly Interest Payments Due.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 11</td>
<td>The borrower/cosigner has filed a Chapter 11 bankruptcy petition.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 11 Monthly Interest</td>
<td>The borrower/cosigner has filed a Chapter 11 bankruptcy petition and has Monthly Interest Payments Due.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 11 Quarterly Interest</td>
<td>The borrower/cosigner has filed a Chapter 11 bankruptcy petition and has Quarterly Interest Payments Due.</td>
</tr>
<tr>
<td>Bankruptcy Chapter 13</td>
<td>The borrower/cosigner has filed a Chapter 13 bankruptcy petition.</td>
</tr>
<tr>
<td>Cancelled</td>
<td>The entire loan has been cancelled.</td>
</tr>
<tr>
<td>Claim</td>
<td>The loan is past due at least 120 days and is scheduled to be transferred to the Office.</td>
</tr>
<tr>
<td>Claim Monthly Interest</td>
<td>The loan with Monthly Interest Payments is past due at least 120 days and is scheduled to be transferred to the Office.</td>
</tr>
<tr>
<td>Claim Quarterly Interest</td>
<td>The loan with Quarterly Interest Payments is past due at least 120 days and is scheduled to be transferred to the Office.</td>
</tr>
<tr>
<td>Claim Filed</td>
<td>The loan is past due more than 120 days to the Office.</td>
</tr>
<tr>
<td>Claim Filed Monthly Interest</td>
<td>The loan with Monthly Interest Payments Due is past due more than 120 days.</td>
</tr>
<tr>
<td>Claim Filed Quarterly Interest</td>
<td>The loan with Quarterly Interest Payments Due is past due more than 120 days.</td>
</tr>
<tr>
<td>Death</td>
<td>Death certificate has been received.</td>
</tr>
<tr>
<td>Default</td>
<td>The loan has defaulted and remains with the Office.</td>
</tr>
<tr>
<td>Demand</td>
<td>The principal and interest payments are at least 90 days delinquent and a demand letter has been sent. The borrower must satisfy the entire amount demanded or the loan will go into a claim status.</td>
</tr>
</tbody>
</table>
### SELF Loan Status Definitions

**www.firstmarkservices.com**

<table>
<thead>
<tr>
<th>Status Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand Interest Only</td>
<td>The interest payments are at least 90 days delinquent and a demand letter has been sent. The borrower must satisfy the entire amount demanded or the loan will go into a claim status.</td>
</tr>
<tr>
<td>Demand Quarterly Interest</td>
<td>The quarterly interest payments are at least 90 days delinquent and a demand letter has been sent. The borrower must satisfy the entire amount demanded or the loan will go into a claim status.</td>
</tr>
<tr>
<td>Denied</td>
<td>The application has been denied due to not meeting program requirements.</td>
</tr>
<tr>
<td>Disability</td>
<td>Permanent disability certificate has been received.</td>
</tr>
<tr>
<td>Extension</td>
<td>The borrower has elected to extend the monthly interest only payments for the loan for an additional twenty-four (24) months. Also referred to as the extended interest only option.</td>
</tr>
<tr>
<td>Forbearance</td>
<td>The borrower is experiencing personal difficulties and has requested a suspension of payments for a short period of time.</td>
</tr>
<tr>
<td>Grace</td>
<td>The loan is in the twelve-month period after graduation prior to principal and interest repayment beginning. Payment of interest is required on a monthly basis. Referred to as the transition period.</td>
</tr>
<tr>
<td>Inactive</td>
<td>The application is invalid.</td>
</tr>
<tr>
<td>Military Deferment</td>
<td>The borrower is in the Military and is required to make only Quarterly interest payments.</td>
</tr>
<tr>
<td>Military Interest Only</td>
<td>The borrower is in the Military and is required to make only Monthly interest payments.</td>
</tr>
<tr>
<td>Military Repayment</td>
<td>The borrower is in the Military and is required to make principal and interest payments.</td>
</tr>
<tr>
<td>Origination</td>
<td>The application has been approved and the loan is waiting for the first disbursement.</td>
</tr>
<tr>
<td>Paid in Full</td>
<td>The loan has been paid in full.</td>
</tr>
<tr>
<td>PreOrig-Awaiting Cos Sig</td>
<td>A loan is started through SELFApp but not complete. A cosigner has passed the credit decision but has not e-signed, or the cosigner has not delivered a hand-signed promissory note to the Office.</td>
</tr>
<tr>
<td>PreOrig-Awaiting Signature</td>
<td>A loan is started through SELFApp but not complete. The borrower has e-signed but the cosigner has not agreed to cosign or performed a credit check.</td>
</tr>
<tr>
<td>Loan Status</td>
<td>Definition</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PreOrig-Cancelled</td>
<td>When a borrower cancels a loan application started through SELFApp, using SELFApp. Can be cancelled any time prior to Origination/Approval.</td>
</tr>
<tr>
<td>PreOrig-Cosigner Declined</td>
<td>A loan is started through SELFApp but not complete. A cosigner was requested, but declined to cosign. The borrower has not yet chosen a new cosigner.</td>
</tr>
<tr>
<td>PreOrig-Cosigner Requested</td>
<td>A loan is started through SELFApp but not complete. A cosigner has been requested but has not yet agreed to cosign.</td>
</tr>
<tr>
<td>PreOrig-Credit Research</td>
<td>A loan is started through SELFApp but not complete. It has complete loan information but there were problems making a credit decision from the credit report or the loan has been flagged as “Identity Theft.”</td>
</tr>
<tr>
<td>PreOrig-Denied</td>
<td>A SELFApp cosigner was denied during the credit decision process. The loan is denied.</td>
</tr>
<tr>
<td>PreOrig-Incomplete</td>
<td>A loan is started through SELFApp but not complete. It is missing loan information, a credit check and school certification.</td>
</tr>
<tr>
<td>PreOrig-No Cert</td>
<td>All processing through SELFApp has been completed, the cosigner credit has been approved, and certification has been requested of the school.</td>
</tr>
<tr>
<td>PreOrig-PreApproved</td>
<td>All processing through SELFApp has been completed, cosigner credit has been approved and the school has certified the loan. This indicates the final step of SELFApp.</td>
</tr>
<tr>
<td>Pre Paid in Full</td>
<td>The final payment has been received on the loan and is waiting for the check to clear the banking system.</td>
</tr>
<tr>
<td>Repayment</td>
<td>The loan is in a monthly payment schedule of principal and interest.</td>
</tr>
<tr>
<td>School</td>
<td>The loan has had at least one disbursement and the borrower is in school; i.e., the graduation date is in the future. Payments of interest are required on a quarterly basis.</td>
</tr>
<tr>
<td>Send Back Origination</td>
<td>An application has been returned because of missing information.</td>
</tr>
<tr>
<td>Temporary Disability</td>
<td>No payments are required and interest will not accrue while in Temporary Disability.</td>
</tr>
</tbody>
</table>
Appendix J: Power of Attorney – SELF Program

Because I will not be present to apply for a SELF Loan through the Minnesota Office of Higher Education,

I, ____________________________

(Print Borrower’s Name)   (Address)   (City)   (State) (Zip)

do hereby appoint:

______________________________

(Print Name)   (Address)   (City)   (State) (Zip)

to act on my behalf.

In my absence, I want the above named individual to:

1) Borrow money on my behalf by hand signing or electronically signing the SELF Promissory Note;
2) Endorse SELF check(s) made payable to me and to the school (funds may be disbursed electronically);
3) Make sure my school account, if any, is credited with the proceeds of the loan;
4) If any proceeds remain after paying school charges, make sure the school either (check one):

______keeps any remaining proceeds on account at the school for me, or
______forwards any remaining proceeds to me.

This power of attorney shall end in the event of my disability.

This power of attorney does not authorize the above named individual to whom I have given power to act on my behalf to transfer my SELF Loan proceeds to himself or herself.

This power of attorney shall end with the disbursement of my last SELF disbursement for the loan period used on the application, or one calendar year after the date written above my signature below, whichever comes first.

In witness of the above statement, I sign my name, this_______ day of________________________,_______

______________________________

(Borrower’s Signature)

______________________________

(Signature of Person Given Power)

Subscribed and sworn before me this_______ day of________________________,________________

______________________________

(Signature of Notary Public)
Appendix K: Reports for Schools

Following reports available for schools at: www.firstmarkservices.com

- **Loans Pending Certification:**
  Lists loans that need to be certified by the school.

- **Funding Roster:**
  Lists loans scheduled for disbursement on a specific date (date is specified by the school user).

- **Loan Detail Report:**
  Lists all loans in detail.

- **Disbursement Summary Report:**
  Lists the disbursement date as well as the gross and net amount. The report pulls disbursements for a 12 month period.

- **Borrowers Pending Graduation:**
  Lists loans having an anticipated graduation date within 90 days of the current date.

- **Loans Pending Funding:**
  Lists loans with a pending disbursement.
  * The next payment due date is available within the report to view delinquent loans.

- **Applications Pending Approval:**
  Lists loans in a pre-origination status.

- **Commonline – Loans Pending Certification:**
  Lists loans that have not been certified by the school where the school is using “Report Method” to certify.

**Reports sent to schools by the Office:**

- **The Office SELFAp Pending Acceptance:**
  Identifies any loans that the student has not accepted.

- **The Office SELFAp School Certifications Pending:**
  Identifies loans that need to be certified by the school in order for the loan origination process to continue.

**Correspondence sent by the Office to schools:**

- A daily letter showing pending disbursements that are being held because of delinquency.
- A daily listing of letters sent to borrowers or cosigners.

**E-mails sent to schools:**

- **Online:**
  When a loan enters pending certification status or continues to stay in pending certification status, an automated e-mail is sent to the school letting them know they have loans pending certification and to log onto www.firstmarkservices.com to certify or deny the loan.
• **CommonLine:**
  When a loan changes into pending certification status, or if "Initiate School Cert" is set on the STAR Origination form, the school will be sent a @1C CommonLine school cert request. The school will also receive an automated e-mail from Firstmark letting them know there are loans pending certification. In addition, for schools that participate in CommonLine, a response file will be sent if any changes are made to the loan.

• **Report:**
  When a loan changes into pending certification status, an automated e-mail is sent to the school letting them know there are loans pending certification and to log onto [www.firstmarkservices.com](http://www.firstmarkservices.com) to view the report titled "CommonLine - Loans Pending Certification."

**E-mails sent to borrowers:**
- The borrower is notified via e-mail if their cosigner chooses not to cosign their loan.
- The borrower receives initial and reminder e-mails regarding the Approval Disclosure, Final Disclosure and Self-Certification.

**E-mails sent to cosigners:**
- The cosigner receives initial and reminder e-mails when the borrower needs to accept the loan or complete the Self-Certification form.
Appendix L: Borrowing Multiple Times - Same Grade Level

A student may borrow up to the maximum amount twice in the same grade level as long as:

1) there is seven months from the start of the first loan period to the start of the second loan period;
2) the cumulative SELF Loan debt maximum for that grade level is not exceeded; and
3) amount approved is at least $500.

Examples use Bachelor’s and Graduate programs $20,000 annual limit and $100,000 cumulative limit:

<table>
<thead>
<tr>
<th>Example 1</th>
<th>Loan Period</th>
<th>Grade Level</th>
<th>Cumulative SELF Debt</th>
<th>Maximum Eligibility</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan #1</td>
<td>9/1/15 - 5/31/16</td>
<td>1</td>
<td>$0</td>
<td>$20,000</td>
<td>Took out $20,000 SELF Loan</td>
</tr>
<tr>
<td>Loan #2</td>
<td>9/1/16 - 5/31/17</td>
<td>2</td>
<td>$20,000</td>
<td>$20,000</td>
<td>Took out $20,000 SELF Loan</td>
</tr>
<tr>
<td>Loan #3</td>
<td>9/1/18 - 12/31/18</td>
<td>3</td>
<td>$40,000 (grade levels 1 and 2)</td>
<td>$20,000</td>
<td>Took out $20,000 SELF Loan</td>
</tr>
<tr>
<td>Loan #4</td>
<td>1/1/19 - 5/31/19</td>
<td>3</td>
<td>$60,000 (grade levels 1, 2 and 3)</td>
<td>$0</td>
<td>Borrower reached the grade level 3 cumulative maximum of $60,000.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Example 2</th>
<th>Loan Period</th>
<th>Grade Level</th>
<th>Cumulative SELF Debt</th>
<th>Maximum Eligibility</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan #1</td>
<td>9/1/18 - 5/31/19</td>
<td>3</td>
<td>$0 (grade levels 1 and 2)</td>
<td>$20,000</td>
<td>Took out $20,000 SELF Loan</td>
</tr>
<tr>
<td>Loan #2</td>
<td>1/1/19 - 5/31/19</td>
<td>3</td>
<td>$20,000 (grade levels 1, 2 and 3)</td>
<td>$0</td>
<td>Seven months have not elapsed between the start of the loan periods (9/1/18 and 1/1/19) and the full $20,000 was initially borrowed.</td>
</tr>
<tr>
<td>Loan #3</td>
<td>6/1/19 - 8/31/19</td>
<td>3</td>
<td>$20,000 (grade levels 1, 2 and 3)</td>
<td>$20,000</td>
<td>Seven months have elapsed between the start of the first approved loan period (9/1/18) and this requested loan period (6/1/19). The borrower is able to borrow twice at grade level 3 for a total of $40,000 since the cumulative grade level 3 loan limit of $60,000 has not been exceeded. Took out $20,000 SELF Loan</td>
</tr>
</tbody>
</table>
Appendix M: SELF Loan Servicing Appeals Process

To ensure quality service to you, we have selected Firstmark Services as our agent to service your SELF Loan. If you have a question about your SELF Loan, please contact Firstmark Services through one of the methods listed below:

- **Borrower Number**: 888.295.0713 Monday through Friday 7:00 a.m. to 8:00 p.m. Central Time
- **E-mail**: customer.service@firstmarkservices.com
- **Fax**: 866.258.9222

**Mailing Address:**
Firstmark Services  
Attn: Private Loans  
PO Box 82522  
Lincoln, NE 68501-2522

**Payment Address:**
Firstmark Services  
PO Box 2977  
Omaha, NE 68103-2977

**Internet:**
www.firstmarkservices.com

If you have concerns about your SELF Loan which you are unable to resolve with Firstmark Services, you are encouraged to utilize the following Appeals Process:

Send a letter to:
Minnesota Office of Higher Education  
SELF Loan Department  
PO Box 64449  
Saint Paul, MN 55164

Include:
Date  
Name, Address, and Phone Number  
Parti ID  
Summary of the issue with your SELF Loan

Firstmark Services and the Minnesota Office of Higher Education Appeals Team will jointly review your letter. You should receive a response within three weeks unless additional time is needed to research your appeal. The response will be from either Firstmark Services or the Office of Higher Education. It is important to both the Office of Higher Education and Firstmark Services that your SELF Loan is properly serviced.

Thank you for using the SELF Loan to assist in funding your education.