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# SELF Loan<sup>®</sup>

A Minnesota Student Loan program



*This document can be made available  
in an alternative format to individuals  
with disabilities*

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## SELF Loan

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

## Eligibility

An eligible student must:

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

**Co-signer:** You must have a credit-worthy co-signer who is either a U.S. citizen or a permanent resident, and who resides in the United States. The co-signer is responsible for making loan payments (interest, principal and other charges) if you fail to make payments. The co-signer is relieved of this responsibility only in the event of death or total and permanent disability of the borrower. A credit-worthy co-signer is one who has no account balances discharged through bankruptcy; no garnishments, attachments, foreclosure, repossession or suit; no more than \$300 combined total in unsatisfied credit or unsatisfied payment obligations; or no more than

five percent of credit bureau balances past due. The co-signer must be at least 24 years old or 18 years old if a sibling (i.e., a brother or sister).

## Application Process

1. Visit [www.selfloan.org](http://www.selfloan.org) to see if your school uses the online application. If your school does not use the online application you can pick up an application from the financial aid office or contact the Office of Higher Education.
2. The Office of Higher Education determines your eligibility and reviews the credit worthiness of your co-signer.
3. After the Office of Higher Education receives your application you will be required to accept your loan within 30 days. An electronic notification will be sent or a letter mailed providing you with instructions on accepting the loan.
4. The approved loan is scheduled for disbursement.
5. Either funds are electronically transmitted to the school or a check is mailed to the school, whichever the school prefers. Funds are disbursed by academic term.

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

## Loan Size

The financial aid administrator at the eligible school will determine the amount you can borrow. The loan amount cannot exceed the total cost of attendance, as defined by the institution, minus other financial aid you will receive. The minimum amount is \$500.

## Maximum Loan Amounts

The maximum loan is determined by the type of program you are enrolled in. The limit is \$10,000 for bachelor's degree programs, post-baccalaureate, or graduate programs and \$7,500 for all other programs.

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

## Cumulative Borrowing Limits

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

	Bachelor's and Graduate Programs	Other Programs
Grade Level 1	\$10,000	\$7,500
Grade Level 2	\$20,000	\$15,000
Grade Level 3	\$30,000	\$22,500
Grade Level 4	\$40,000	\$30,000
Grade Level 5	\$50,000	\$37,500
Grade Level 6-9	\$70,000	\$37,500

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

## Costs to the Borrower

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

**Interest Rate:** The SELF Loan is offered as a fixed rate or variable rate loan. The current SELF interest rates are available at [www.selfloan.org](http://www.selfloan.org).

**Fixed Rate:** If the fixed rate option is selected, the interest rate will not change during the life of the loan.

**Variable Rate:** If the variable rate is selected, the interest rate charged to you may change every quarter. Borrowers pay an interest rate comprised of a percentage (the "margin") that is added to the variable interest rate of the source of money (the "index"). As the index or margin increases or decreases over time, the interest charged will

increase or decrease. The index rate is tied to the three-month London Interbank Offered Rates (LIBOR).

## Loan Repayment

**Payment of Interest:** You must pay interest quarterly while in school. This is called the "in-school period". Interest payments will start approximately 90 days from the disbursement of the loan. During the first 12 months after graduation or if enrollment drops below half time, the borrower will be converted to a monthly interest repayment schedule. This 12-month period is called the "transition period". Loans must enter repayment no later than nine years after disbursement.

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

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

The maximum loan repayment period for the current SELF Loan Phase is based on the aggregate principal loan balances of all the borrower's SELF Loans.

- Aggregate loan balances of less than \$20,000 have a maximum Repayment Period of 10 years after the In-School Period ends.

- (b) Aggregate loan balances of \$20,000 to \$40,000 have a maximum Repayment Period of 15 years after the In-School Period ends.
- (c) Aggregate loan balances of \$40,000 or more have a maximum Repayment Period of 20 years after the In-School Period ends.

## Additional Loan Repayment Information:

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

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

- enroll before the 12- to 36-month transition period elapses,
- enroll in a school that is a member of the SELF Program, and
- have time remaining before the nine-year mandatory repayment starts. If the school is not a member of the SELF Program, you will no longer be considered to be in the “in-school” status.

## SELF Loan Repayment Examples

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

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

## Minnesota Office of Higher Education

SELF Loan is a program of the Minnesota Office of Higher Education, a state agency providing students with a range of financial aid programs and information to help them gain access to postsecondary education.