

SELF Loan Counseling

Let's Begin

The Minnesota Office of Higher Education, a state agency, is the only lender for SELF Loans.

The SELF Loan is not a federal loan, but rather a state loan, unique to Minnesota. Taking on student loan debt is a big responsibility. Make sure you fully understand your responsibilities before applying for the SELF Loan or any other student loan.

Key Points You Need to Know:

- Before borrowing see if you qualify for federal or state grants.
- Federal loans may be more beneficial for you.
- Borrow only what you need. Remember, this isn't free money.
- You need to pay interest while you are in school and then repay what you borrowed.
- Co-signers are required to make payments if you don't.
- There are no deferments. Forbearance and repayment options are extremely limited.

What Should I do Before Applying for the SELF Loan?

Check Out Your Grant Options

Finance your education with free money first. You don't have to repay grants, scholarships, or work-study. You are required to complete the Free Application for Federal Student Aid (FAFSA) to determine whether you qualify for federal or state grants unless you are a graduate student or attending a school that does not participate in federal or state grant programs.

Check Out Your Federal Loan Options

Before you apply for the SELF Loan make sure you look into any federal education loans at www.studentaid.ed.gov you may be eligible for. You should understand these benefits of federal loans:

- No interest payments required during school for subsidized federal loans
- Low fixed interest rates
- Deferments
- Forbearances
- Loan forgiveness
- Various repayment plans (including income-based)

Many of these benefits are unavailable for the SELF Loan.

Borrow Only What You Need

Finally, borrow as a last resort and only borrow what you need. You don't have to borrow the maximum amount you are eligible for. Using savings and earnings can reduce the amount you need to borrow.

What are the Costs for a SELF Loan?

The SELF Loan is money that needs to be paid back to the lender, the Office of Higher Education. It's not a scholarship or grant. In addition to paying back the loan you also need to pay interest in order to use the money. Your interest rate will depend on whether you choose the fixed- or variable-rate SELF Loan. Once you select which type of interest rate you want

you can't change your mind. The variable interest rate can change quarterly (every three months). It can increase or decrease but will not change more than 3% during any 12-month period. Current interest rates are available on our website.

Deciding whether you want a fixed or variable interest rate depends on your desire to know what the rate will be over the life of the loan versus having a lower rate to start with. How much you borrow and when you anticipate repaying the loan can also influence your decision. Check out our Calculator on our website to estimate your in-school interest payment and your payments after school.

What are the Repayment Requirements for the SELF Loan?

The SELF Loan was designed to make repayment manageable by dividing it into three periods:

- In-School Period
- Transition Period
- Repayment Period

You must start repaying your SELF Loan no later than nine years from when you received the money even if you are still in school or a Transition Period.

The In-School Period

In the In-School Period, you are required to make quarterly interest payments. The In-School Period begins when you receive the money and continues as long as you're enrolled at least half-time in a qualifying school and aren't in a mandatory Repayment Period. You can remain in the "In-School" status if you transfer to a qualifying school. View a list of participating SELF schools on our website.

If you return to a qualifying school at least half-time within three years after you leave school or within three years after your enrollment drops below half-time, your loan may be returned to the In-School status. You will need to contact the loan servicer, Firstmark Services to see if you are able to return to In-School status.

The Transition Period

In the Transition Period you are required to make monthly interest payments. The 12-month transition period begins:

- upon graduation,
- if your enrollment drops to below half-time, or
- if you transfer to a school that doesn't qualify.

The Repayment Period

In the Repayment Period you are required to make monthly payments of principal and interest. The Repayment Period starts at the end of the 12-month Transition Period or nine years after you took out the loan whichever is earlier.

You have two repayment options:

- The Standard Plan requires monthly payment of principal and interest starting 13 months after you leave school or attend less than half-time.
- The Extended-Interest Plan allows you to continue with two more years of monthly interest payments before starting to repay the amount you borrowed. While the Extended-Interest Plan extends the transition period, it shortens the repayment period by two years. This means your payments may be larger when you start repaying your loan.

How long you have to pay off the loan depends on how much you borrow from the SELF program. You have up to 10 years to repay your loan if you borrowed less than \$20,000. If you borrowed between \$20,000 and \$40,000, you have 15 years. For \$40,000 or more, 20 years. The minimum payment is \$50 a month.

What do I Need to Know about Repaying the SELF Loan?

You are responsible for repaying your SELF Loan even if you don't complete your educational program, aren't satisfied with your education, or are unable to find a job. Your co-signer is responsible for making payments if you are unable to do so or do not make them.

- You need to pay interest every three months while you are in school starting within 90 days from when you receive the money.
- You must start repaying your SELF Loan no later than nine years from when you received the money.
- There are no grace periods or deferment options.
- SELF Loans cannot be included in a federal government loan consolidation.
- There is no penalty for early payment.
- You and your co-signer will have consequences if the loan is past due or defaults.
- There is no co-signer release or changing of co-signers.

What happens if I change schools or enroll in a graduate program?

If you transfer to another school or go to graduate school, you can make interest only payments if:

- return to school within three years from the end of the In-School Period;
- have not entered a required repayment period;
- are enrolled at least half-time; and
- the new school is qualified. View a list of schools participating in the SELF program on our website.

Can I capitalize my SELF interest instead of making quarterly payments?

The SELF Loan does not allow you to add your in-school interest onto your loan balance like some other student loan programs do.

There are benefits of paying interest while in school:

- the overall amount of interest you pay will be less and
- quarterly bills keep you aware of your loan balance and the interest cost of your loan.

Who is the Loan Servicer for SELF Loans?

Firstmark Services is the loan servicer for the SELF Loan. Firstmark will send money to your school, send you bills, record your payments, and contact you and your co-signer if payments are not made. You and your co-signer must contact Firstmark Services for any name, mailing address, e-mail address, or phone number changes.

What Happens If I Don't Make My SELF Loan Payments When I am in School?

- Any scheduled loan disbursements to your school will be cancelled if you aren't making your required SELF Loan payments.
- You may not be able to register for classes if you have outstanding bills to the school as a result of your disbursement being cancelled.
- Your loan can default while you are in school if you don't make your payments.
- If you default on your SELF Loan, your Minnesota State Grant funds can be withheld.

What Happens If I Default?

If you or your co-signer are delinquent on any SELF Loan payment beyond 120 days or if you have failed to meet any of the other conditions, the loan will default. Filing for bankruptcy can put you in default. In most cases, student loans are not discharged by filing bankruptcy.

If your loan should default, the Office of Higher Education can take the following actions:

- Report the default to the credit bureau
- Take money out of your paycheck
- Take money out of your bank account
- Get a court judgment against you
- Take your tax refund
- Turn your loan over to a collection agency with collection fees added to the balance
- Hold or cancel your Minnesota State Grant

Defaulting on your SELF Loan can make it difficult for you or your co-signer to borrow money to purchase a car, a home, or even obtain a credit card. Many employers look at credit reports to evaluate the integrity of prospective employees.

In order to make sure you understand the key points please acknowledge you have read the above information by completing the signature page included in this packet and return it to the Office of Higher Education.

SELF Loan Counseling Acknowledgement

Please complete the information below acknowledging that you have read and understand your financial responsibility of borrowing a SELF Loan from the Minnesota Office of Higher Education.

Borrower Name: _____
(PRINT CLEARLY)

Birth Date: ____ / ____ / ____

Borrower Signature: _____ **Date:** _____

Please submit this completed form along with your Application & Promissory Note and Applicant Self-Certification to the Minnesota Office of Higher Education.

Mailing Address: Minnesota Office of Higher Education
PO Box 64449
St. Paul, MN 55164