

SELF Loan[®] Program Manual

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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.

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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.

Section I

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 gift 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 Appendix C for contact information for the Office and Firstmark.

The Office is responsible for the following tasks:

- Review, process, and approve applications
- Review disbursements held due to delinquency to see if eligible for re-issue
- Provide guidance to financial aid administrators on certifying applications

Contact the Office for any of the following:

- Questions on the status of applications or disbursements
- Changes in loan applications both prior to approval and after i.e., loan amount reductions, grade level, loan period and disbursement date changes, cancellations, and re-issues
- Set up Electronic Fund Transfer (EFT)
- Place disbursements on hold

Firstmark is responsible for the following tasks:

- Disbursing loans

- Billing students
- Updating borrower and cosigner demographic information
- Performing diligence activities
- Processing loan payments
- Tracking enrollment/graduation status

C. Administration Overview

- Institution signs SELF Participation Agreement with the Office.
- The institution must certify the applicant is accepted for enrollment or is currently enrolled, is making satisfactory academic progress (SAP), 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 is denied.
- Borrowers and cosigners will be notified electronically if their application is denied. If the denial occurs after institution certification, institutions using CommonLine will receive notification through a response file.
- If the cosigner’s credit is satisfactory and other eligibility criteria are met the loan is approved and sent to Firstmark for disbursement.
- Borrowers and cosigners receive an email link to the final disclosure which indicates the approved amount of the loan.
- For loans approved at a lower amount than certified by the institution, institutions using CommonLine will receive notification of the reduced amount through a response file.
- If the SELF Loan is disbursed by check, the check will be mailed to the institution and made jointly payable to the student and the institution.
- If the institution wants disbursements sent electronically – the institution must contact the Office for the EFT contract.
- 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 the student is maintaining SAP. Included in Appendix D is a Disbursement Checklist.
- The owner of the institution cannot certify loan applications.

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 institution 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: Institutions 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](#)¹. If the institution changes ownership, the institution 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 institution, with or without cause, upon 30 days written notice to the other party. All obligations of the institution under the agreement will continue in full force and effect with respect to all SELF Loans then outstanding to students of the institution. A new SELF Participation Agreement will need to be signed if an institution legally changes its name or ownership.

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

2. Eligible Program

An eligible program is an academic or vocational program that is at least eight weeks long and at least 12 quarter credits, 8 semester credits or 300 clock hours which ends with a degree or a certification. For clock hour programs the hours need to represent attendance during teaching hours excluding lunches, holidays and other closed days. Eligibility for the SELF program requires that students complete a minimum of 300 hours and make up missed hours in order to satisfy the requirement. Attendance policies need to require each and every student, not only those with SELF Loans, to attend and complete at least 300 hours including approved make-up hours.

Examples: A student in a 300-hour program must attend and complete all 300 hours even if they need to make up missed time before they receive their certificate.

A program with 320 hours and an institutional attendance policy that allows students to miss up to 10% of the hours and still receive their certificate at the end of the program would need to adjust attendance requirements otherwise a student could miss 32 hours and only attend 298 hours which would be less than the 300 minimum SELF requirement.

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 institution 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 their grade point average is not eligible for funding under the SELF Loan Program since no degree or major is being pursued.

¹ <http://www.selfloan.state.mn.us/NonFederalSchoolDisclosure.pdf>

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.

A student taking pre-requisite course work prior to being admitted to a graduate program is not eligible for funding under the SELF Loan Program.

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. An institution 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 institutions 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 institution 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.

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 institution staff who are responsible for certifying SELF applications and disbursing SELF funds. Office auditors verify the institution has written definitions for half-time and full-time and cite institutions 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 institutions, whether or not they participate in federal aid programs, should use the federal definitions of full-time and half-time status for undergraduate programs. 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. Graduate programs may define full-time and half-time at the program level.

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 their degree, the institution cannot include the cost of those courses in the cost of attendance.

For students enrolled in two institutions, each institution can certify a loan if the student is enrolled at least half-

time at both institutions and the courses will all be credited toward a degree or certificate. The combined loans are subject to the annual grade level maximums of \$10,000 or \$20,000 and the cumulative limits. Living and miscellaneous expenses can only be included in one of the loan requests to avoid doubling up on those expenses.

If only one SELF Loan is certified for students taking courses at multiple institutions, the institution 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 institutions, or documentation on the transcript verifying enrollment in a degree seeking program. If the student has not yet declared a major, the institution certifying the SELF Loan should confirm that the courses will be accepted by the primary institution.

High school students taking college courses under the Postsecondary Enrollment Options Program (PSEO) are not eligible for a SELF Loan.

c. Satisfactory Academic Progress

The student must be making satisfactory academic progress (SAP), as defined in Minnesota Statutes, [section 136A.101 subdivision 10](#)². The institution 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 SAP, the institution 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, or meeting the terms of an academic plan.

The financial aid administrator must check the SAP requirement when certifying the loan and prior to disbursement of the loan funds to the student.

The institution may certify a loan or make a disbursement to a student during a term of financial aid warning or probation. A student is also eligible for SELF Loan funds if they are meeting the terms of their academic plan even if not meeting cumulative SAP requirements.

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.

² <https://www.revisor.mn.gov/statutes/cite/136A.101>

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 institution.

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

f. International Students or Undocumented Students

International students on student visas or undocumented students attending an eligible institution 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, during the application process the student can request a student identification number for the SELF Loan.

International students are not required to complete the Free Application for Federal Student Aid (FAFSA). This should be documented in the student's file. During the application process the student can request a student identification number for the SELF Loan.

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 institution'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.

The FAFSA must be completed the first year at each institution. 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 institution does not participate in federal or state aid programs, or the student is an international or graduate student. The reason for not completing the FAFSA should be documented in the student's file.

Included in Appendix E 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 their financial situation has not changed significantly since applying for financial aid. This waiver cannot be utilized if parents of a dependent student refuse to provide financial information. The student will not be eligible for the SELF Loan if a parent refuses to complete the FAFSA.

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 institution. 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 institution is expected to review available federal data sources to identify if the student has any federal loan defaults. The SELF Loan application process will prevent students from applying if they have a SELF Loan in default.

i. Delinquency

In order to apply for a SELF Loan, the borrower and cosigner must not be currently delinquent 15 days or more on any outstanding SELF or SELF Refi Loan. Subsequent disbursements will be put on hold if any SELF Loan(s) are delinquent. The Office will notify the borrower and cosigner of the delinquency and allow 15 days for the SELF Loan(s) to be brought current in order to remove the hold. Students will need to reapply if the loan(s) are not brought current in the required timeframe.

The institution and any personnel associated with the institution 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.

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 institution participating in the SELF Loan Program agrees to perform the certification function for all SELF Loans. Certification means the institution 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;
- housing and meals or a reasonable allowance as determined by the institution for off-campus living;
- the cost of a computer utilized for educational purposes;
- child care expenses;
- technology fees assessed by the institution;
- reasonable allowance for books, supplies, transportation and personal expenses; and
- additional amounts for expenses such as aviation course flight fees, specialty tools, study abroad costs, and other unusual charges.

Cost of attendance can include origination or guarantee fees for federal student loans. The **gross** amount (the amount borrowed including origination and/or guarantee fees) of federal 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 institution 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 international, undocumented or graduate students to complete the FAFSA. Undocumented Minnesota residents are required to complete the Minnesota Dream Act State Financial Aid Application if they are an undergraduate.

If the student receives a scholarship after the loan is fully disbursed the institution is not required to make any adjustments to the SELF Loan; however, is encouraged to do so to reduce student debt. If there are disbursements pending and the SELF disbursement would exceed the cost of attendance the institution should cancel or reduce pending disbursements.

Loan periods utilized should match FAFSA aid years and not cross aid years. Institutions 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 institution certifies the loan.

The institution is expected to review available federal data sources to identify if the student has any federal loan defaults.

b. Unused Federal Eligibility

The institution needs to determine the amount of federal loan eligibility not utilized by the student. This includes Direct subsidized and unsubsidized loans and Perkins loans. Institutions that originate 25 or fewer loans per year are exempt from providing this information. If the student has no unused eligibility, zero must be reported in the Unused Eligibility field in the CommonLine @1 record, or in the Other Debt field in the CommonLine @4 record. If the field is left blank it indicates the institution 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 institution is not required to notify the Office.

c. Institutional Representative

Institutions are required to provide the Office with contact information for institutional representatives who will supervise the following activities related to the Program.

- Verify and document Minnesota residency if the student is attending an eligible institution not located in Minnesota;
- confirm completion of the FAFSA or a signed Waiver of the SELF Maximum Effort Test;
- disburse the loan check or credit the EFT or the student’s account if determined eligible;
- document in writing the disbursement date and disbursement amount of the loan check or electronically transferred funds amount (refer to Appendix D for Disbursement Checklist that may be used);
- for institutions 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;
 - complete and maintain copies of Firstmark’s periodic Enrollment Verification Reports and return reports within two weeks of receipt;
- ensure all refunds of institution 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 institution 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 but are not earlier than 10 days before the start of the term. The Office will reschedule disbursement dates requested too early. Additional guidance is provided in 'Disbursements for Clock Hour Programs';
 - maintain documentation related to each student which will explain the SELF Loan amount recommended by the institution. A SELF Loan Certification Worksheet is available on the [Financial Aid Resources page](#)³ to assist with determining 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 institution will not collect from students any additional fees or charges to cover the cost of originating loans under the SELF Loan Program.

d. SELF Online Application

The student starts the application process at www.selfloan.state.mn.us. Students are required to complete online counseling before applying for each SELF Loan. E-mails are sent throughout the application process to remind the borrower and cosigner when action is required.

e. Disbursement of Loan Funds

EFT for purposes of this manual encompasses direct electronic transfer of funds between Firstmark and the institution's bank account and also the utilization of central disbursing through ScholarNet or iLink. Funds are transferred in one lump sum to the institution's designated bank account and a roster is sent electronically. If interested in EFT, contact the Office to request an agreement.

If a check is used the check is made jointly payable to the student and the institution. 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 institution on the scheduled disbursement date(s). Interest begins accruing on the loan as of the date of disbursement.

If the student decides they do not want the loan, the student can return the funds and contact the Office to cancel future disbursements. All interest charges are waived if funds are returned within 40 days of the disbursement date.

If the student is no longer enrolled on at least a half-time basis when the loan funds are received by the institution and the loan period covers more than one term, the institution can disburse a portion of the loan proceeds to cover prior term(s) within the loan period. The institution 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 institution should only disburse funds to cover amounts owed to the institution for completed terms and requested living and miscellaneous expenses for the completed terms. Refer to the example in this

³ <https://www.selfloan.state.mn.us/resources/>

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.

f. 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 and was approved for a \$10,000 SELF Loan. The institution certified the loan and asked for two disbursements of \$5,000 each. The first disbursement is scheduled for August 25th and the second disbursement is scheduled for December 20th by which the student should have completed 450 hours. If it becomes clear the student will not successfully complete the first 450 hours by December 20th, 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 and release the hold after the student successfully completes 450 hours. Institutions can place and remove disbursement holds through CommonLine or by contacting the Office.

g. 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 institution disburses 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 institution will be responsible for returning the entire SELF disbursement to Firstmark within 30 days. The institution must verify the student is enrolled at least half-time and SAP. A jointly payable check must be endorsed by both the student and the institution. The institution must subtract from the proceeds the amount owed for the payment period and arrange 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 institution 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 institutions follow up with students who need to endorse checks no later than 20 days from the date of the check.

h. Disbursement When Funds Arrive During the Loan Period

When SELF Loan funds arrive during the loan period, the institution must verify the student's enrollment and SAP; endorse the check along with the student, if a check is used, and subtract from the proceeds the

amount owed the institution for the payment period; and arrange 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 to receive 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 an institution approved leave of absence (LOA) when the funds arrive and is due to return to school status within 30 days from the date on the check or receipt of EFT funds, the institution 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 institution may keep funds for any completed terms included in the disbursement.

If the check or EFT payment is for two or more terms within the loan period, the institution can only disburse funds for completed terms and the current term the student is enrolled in after SAP 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 institutions 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 After the Loan Period

When SELF Loan funds arrive after the loan period, the institution must verify the student was enrolled at least half-time and making SAP. The funds must be disbursed within 30 days of the date of the check/funds transfer and not later than 45 days from the end of the loan period. The institution will subtract from the proceeds the amount owed to the institution for the payment period and arrange with the student for use of 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.'

Institutions can disburse SELF Loan funds to students who have graduated as long as the funds are disbursed within 30 days of the date of the check/funds transfer and not later than 45 days from the end of the loan period.

j. Disbursement Requiring Power of Attorney Endorsement

If a check is used to disburse loan funds, the SELF Loan check is jointly payable to the institution 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 institution may mail the check to the student to obtain their signature or the student may provide the institution 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 institution) to sign the SELF check on behalf of the borrower so the check can be endorsed by the institution 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 institution 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 F.

k. Return of Loan Funds

Institutions receiving funds electronically through ScholarNet or iLink should follow the CommonLine procedures for returning funds. Refer to Appendix C for Firstmark's address to return SELF Loan funds by check. When returning funds by check include:

- borrower name
- last four digits of the SSN
- loan program
- 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 – loan will be taken out of the School Period and placed in the Transition Period. Future disbursements will be canceled.
 - Borrower does not want the funds – loan will remain in the School Period. Future disbursements will not be canceled unless requested by the institution or the borrower.
 - Enrollment has dropped below half-time – loan will be taken out of the School Period and placed in the Transition Period. Future disbursements will be canceled.
 - Not making satisfactory progress – account will remain in the School Period. Future disbursements will not be canceled unless requested by the institution or the borrower.
 - Overawarded – additional aid came in.

Refer to section 'SELF Phase VI' for description of repayment statuses.

l. Student Account Balances

Unless otherwise authorized by the student, whenever the institution applies state financial aid disbursements to a student's account and determines the amount of those disbursements exceed 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:

- a) the date that balance occurs,
- b) the first day of classes of a payment period/period of enrollment as applicable, or
- c) 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 institution 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 an institution should determine which financial aid funds created the credit balance. When possible, the Office encourages institutions to return state financial aid fund balances to the SELF Loan Program first to reduce the amount the student needs to repay.

The institution is permitted to retain interest earned on the student's credit balance.

m. 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 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.

n. Leave of Absence

A leave of absence (LOA) is a period of time approved by the institution during which the student is not in attendance but is considered to be enrolled. Each institution that offers a LOA is required to have an official LOA policy. It is recommended the institution 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 LOA and the institution must have approved the student's request in accordance with its policy. One subsequent LOA may be granted if (1) the subsequent LOA does not exceed 30 days, (2) the institution determines that the subsequent LOA is necessary due to unforeseen circumstances. Subsequent LOAs 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 LOAs cannot total more than 180 days in any 12-month period.

If the student is on an institution approved LOA when funds arrive, the institution can disburse funds for any completed terms included in the disbursement. If the student is due to return to school status within 30 days from the date on the check/EFT funds, the institution may hold undisbursed funds until the student returns. If the student fails to return or the student does not 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 institutions follow up with students who need to endorse checks no later than 20 days from the date of the check.

Note: A LOA need not consist of consecutive days when granted.

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

o. Non-Enrollment

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

p. Withdrawal and Transfer to Another Eligible Institution

If the student fails to complete the loan period at the institution where the application was certified and transfers to another eligible institution, any pending loan disbursements to the student must be canceled. Institutions not participating in the Clearinghouse must notify Firstmark within 30 days of any borrower who withdraws. If there is a refund due the student, the institution should return funds to Firstmark in accordance

with the Office's requirements using the appropriate [Refund Calculation Worksheet](#)⁴. If adequate time and minimum loan eligibility (\$500) remains, the borrower may apply for a new loan if the new institution participates in the SELF Loan Program.

In order for the student to remain in the School Period, the new institution 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 institutions with signed agreements is available at [SELF Participating Schools](#)⁵. If the borrower transfers to an institution that does not participate in the SELF Loan Program or the Clearinghouse, the borrower must enter the Transition Period.

q. 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 institution 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 institution should only disburse funds to cover requested living and miscellaneous expenses and amounts owed to the institution 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 institution can disburse per term completed. The institution cannot use the full disbursed amount to cover one term. For example, a student enrolled at least half-time in a semester institution, submits an application on January 22, 2023, with a loan period of September 6, 2022, to May 31, 2023, and the second semester started January 22, 2023. The funds arrive at the institution on February 14, 2023, and have not been disbursed when the student withdraws on February 18, 2023. The institution can disburse up to half of the amount, since there are two terms, to cover amounts owed to the institution from the first semester. However, no funds can be kept for charges for the second semester because the student withdrew prior to disbursement of the funds by the institution. Enrollment is determined based on the date the institution is ready to disburse the funds. 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 institution cannot disburse the funds and must return the check/EFT to Firstmark.

r. Reinstatement of a Canceled Loan

Reinstatement of a canceled loan can occur as long as the student still qualifies for the loan. Reinstatements can be submitted via CommonLine or requested through the Office.

- Pre-disbursement, full-loan reinstatements can be submitted with CommonLine @1-08 records
- Pre-disbursement, disbursement reinstatements can be submitted with CommonLine @1-09 records
- Post-disbursement, disbursement reinstatements can be submitted with CommonLine @1-10 records.

⁴ <http://www.ohe.state.mn.us/mPg.cfm?pageID=1538>

⁵ <http://www.selfloan.state.mn.us/selfSchools.cfm>

2. Monitoring of SELF Borrowers

a. Enrollment Verification Reports

Institutions 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 institution should maintain copies of the EVR reports for audit purposes. The SELF Loan Program may suspend an institution from the program if it fails to complete these reports.

b. Notification of Student Enrollment Changes

Institutions that do not participate in the Clearinghouse must notify Firstmark within 30 days when they become aware of any changes in the student's status that may affect their program eligibility. Examples of status changes affecting SELF eligibility include: dropping below half-time status, withdrawal from school or graduation.

c. Admission and Registration Records

Each institution 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 following items can be included in the cost of attendance and must be restricted to charges for the loan period:

- tuition and fees;
- housing and meals or a reasonable allowance as determined by the institution for off-campus living;
- the cost of a computer utilized for educational purposes;
- child care expenses;
- technology fees assessed by the institution;
- reasonable allowance for books, supplies, transportation and personal expenses; and
- additional amounts for expenses such as aviation course flight fees, specialty tools, study abroad costs, and other unique charges.

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

The student need not borrow the full amount for which they are eligible for, but must borrow a minimum of \$500.

2. Maximum Loan Amount

The Loan Limits Table below provides information on the annual and cumulative SELF Loan limits. For institutions offering programs that qualify for different loan limits it is up to the institution to determine the eligibility of individual students based on which program the student is enrolled in. If an institution certifies a loan for more than \$10,000 and the student is not enrolled in a bachelor or graduate program, the institution will be liable for any amount over \$10,000 and the interest on the excess amount.

The loan amount cannot exceed the cost of attendance less all other financial aid, including Federal PLUS loans borrowed on the student's behalf by either the student or parent. 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 institution 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.

Loan Limit Table

Program Type	Annual Limit	Cumulative Limit
4 Year	\$20,000	\$100,000 (1)
Graduate (2) (including undergraduate)	\$20,000	\$140,000
1-3 Year Programs (3)	\$10,000	\$30,000
Programs Shorter Than 1 Year (4)	\$3,500	\$7,500

- (1) Students enrolled in a four-year program are eligible for up to \$80,000. Undergraduate students enrolled in programs designed to take longer than four years are eligible for up to \$100,000. The higher cumulative limit is not for students taking longer to complete a normal four-year program.
- (2) Programs of at least 8-9 months or 900 hour.
- (3) Programs of less than 8-9 months or 900 hours have limits of \$3,500 per program up to a cumulative maximum of \$7,500 for multiple short programs.
- (4) Includes graduate certificate programs

3. Grade Level

Grade level indicates the relative status of an eligible student in a degree or certificate granting program as it relates to an academic year. When indicating the student's grade level the financial aid administrator is to use the student's grade level as determined by the institution's registrar or comparable institution official or the grade level definition listed in the institutional catalog. Example: an eligible student who has completed 36 credits and meets the institution's grade level definition of a second-year student would be considered a grade level 2 for the SELF Loan application. 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 and is limited to an overall cumulative limit of \$80,000.

The institution 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 institution has written definitions for grade level classifications and will cite institutions 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 institution can determine which grade level they prefer to use. Example: an institution classifies a student as a grade level 2 if the student satisfactorily completes 36 credits. If the student had completed 34 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 achieve grade level 2 as expected, the institution 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 institutions, if you have a program that is 1,000 hours and your policy indicates 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 an institution 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 institution'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 SAP at the two-year college, since course work transferred to the four-year college will count against the maximum time frame for SAP 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. 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., \$10,000 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., \$10,000 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 G 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 institutions, 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 the student 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 financial aid. Institutions 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.

10. SELF VI Interest Rate

All new loans as of April 25, 2022 are under SELF VI. The SELF VI variable rate is calculated (January 1, April 1, July 1 and October 1) by adding a fixed percentage (the “margin”) to the three -month term Secured Overnight Financing Rate (SOFR) as of the 20th calendar day or the next business day, of the last month of the calendar quarter immediately preceding the interest rate adjustment date and 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. The interest rate cannot increase by more than three percent during any four consecutive calendar quarters.

Current and historical interest rate information can be found at [SELF Loan Frequently Asked Questions](#)⁶.

11. No Guarantee Origination/Fees

There are no guarantee or origination fees charged.

12. Disbursement Scheduling

Institutions 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 institution. 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 institution’s academic year is divided into two semesters and the student requests a loan for the academic year, the loan amount must be scheduled for two disbursements.

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 institution 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.

13. Loan Cancellation

If a student wishes to cancel their SELF Loan, the institution or student should contact the Office. If the loan is not cancelled prior to disbursement, the student or institution 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

⁶ <https://www.selfloan.state.mn.us/faq.cfm>

return the first disbursement but still wishes to receive subsequent disbursements that information needs to be provided to Firstmark.

G. SELF Loan Payment Terms

1. SELF Phase VI

As of April 25, 2022 all new SELF Loans are under Phase VI. There are four different payment periods designed to make repayment manageable:

- School Period
- Transition Period
- Extension Period
- Repayment Period

2. School Period

A School Period is when the borrower is enrolled at least half-time in a qualifying SELF institution. A qualifying institution either participates in the SELF program or participates in the National Student Clearinghouse.

During a School Period, the borrower is required to make monthly payments of up to \$25 (currently set at \$15) per SELF VI Loan.

3. Transition Period

A Transition Period begins:

- upon graduation,
- the borrower's enrollment drops to below half-time, or
- the borrower transfers to an institution which does not qualify for SELF.

During a Transition Period (initially up to 12 months) the borrower is required to make monthly payments of up to \$25 (currently set at \$15) per SELF VI Loan. Shorter Transition Periods are provided after subsequent returns to a School Period.

Any unpaid interest may be capitalized – added to the principal balance – at the end of a Transition Period.

4. Extension Period

During an optional Extension Period (initially up to 24 months) a borrower is required to make monthly payments of interest. Shorter Extension Periods are provided after subsequent returns to a School Period.

5. Repayment Period

A Repayment Period for an individual SELF Loan begins:

- at the end of a Transition or Extension Period, or
- nine years after the first disbursement even if the borrower is still in School, Transition or Extension.

During the Repayment Period a borrower is required to make monthly payments of principal and interest. There is a minimum \$50 per month requirement for all their SELF Loans.

The loan repayment term depends on how much the student has borrowed from the SELF program from all of the various phases.

- Up to 120 months (10 years) if borrowed less than \$20,000.
- 180 months (15 years) if borrowed between \$20,000 and \$40,000
- 240 months (20 years) if borrowed \$40,000 or more

6. SELF Phases IV and V

SELF IV and V Loans continue with quarterly interest payments during the School Period and monthly interest payments during Transition and Extension Periods. SELF V borrowers are able to return to a School Period prior to the nine-year forced repayment start date; however, they need to sign a promissory note amendment if they have been out of a School Period more than three years. The school needs to participate in the National Student Clearinghouse to qualify.

The interest rates for SELF IV and V Loans are tied to the London Interbank Offered Rate (LIBOR) index. LIBOR is currently scheduled to be eliminated as an index for all financial instruments on June 30, 2023. SELF IV and V Loans will transition to a SOFR based index at that time.

a. 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 or there are different payment methods being utilized such as automatic debit on only one account or different payment cycles – monthly or quarterly.

b. Late Payments

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 at least 120 days delinquent. If a SELF Loan is 60 days or more past due at the month-end reporting cut-off, the delinquency is reported to the credit bureau for both the borrower and cosigner. Late fees are not currently being charged.

c. Interest Capitalization

Interest payments during the 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. Interest may also be capitalized at the end of Transition for SELF VI.

d. Forbearance

A borrower may be granted up to eight months of forbearance in monthly increments over the life of each 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.

New loans are not approved if the borrower has loans in forbearance status.

e. Institution Payment of Student Interest

Institutions and institution personnel are prohibited from paying interest on a student's loan unless the interest

resulted from a late return of funds by the institution. Payment of interest by the institution artificially delays the default potentially allowing the borrower and cosigner to obtain other financial benefits they are not entitled to.

f. Default

If the borrower is delinquent in payment for at least 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 collection entity;
- add collection fees to the defaulted balance; and
- withhold Minnesota state grant awards and certain other types of aid.

g. 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.

h. 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 of the death. If an institution 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 approved 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 approved by the Office. This disability must have occurred after the loan was fully disbursed. The borrower is still responsible for repayment

H. State Audits

1. General Requirements

Office auditors or auditors designated under Minnesota Statute 136A.1313 will periodically review records of participating institutions to perform an audit. 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 student was properly enrolled and making SAP as defined by the institution at the time of loan application and disbursement of SELF funds. The SAP determination should be based on the last review done prior to the current term. For institutions participating in federal financial aid programs it is required that the federal definitions for SAP 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 institutions 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 SAP of the borrower (the institution is liable to the SELF Loan Program for funds delivered to students who were not properly enrolled). The SAP 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 the student is eligible;
- reconcile each EFT roster to make sure funds are posted to the student's account; and
- return SELF Loan funds to Firstmark for those borrowers not currently eligible.

Refer to Appendix D for a Disbursement Checklist that can be used by institutions 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 institution, refer to the appropriate [Refund Calculation Worksheet](#).

The institution 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 institution may also reduce future disbursement amounts of the SELF Loan if total aid exceeds the cost of attendance.

Note: How institutions calculate refunds also depends on the institution's policy for handling ROTC and VA benefits.

4. Withdrawal Date

For institutions participating in federal financial aid programs, withdrawal date is as defined in the Code of Federal Regulations (CFR) 668.22. Institutions 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

Institutions must maintain a student account for each student. The institution 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 institution may apply funds to satisfy any remaining prior year charges for tuition, fees, housing and meals and, with written authorization from the student, other educationally related charges.

If an institution receives authorization to hold excess funds, the institution must identify the student or parent and the amount of funds the institution holds for the student or parent in a subsidiary ledger account designated for that purpose. The institution also must maintain, at all times, cash in its bank account at least equal to the amount the institution holds for students. Because state financial aid funds are awarded to students to pay current year charges, notwithstanding any authorization obtained by an institution from a student or parent, the institution 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 an institution cannot locate a student to whom a state financial aid credit balance must be paid, the institution must return the credit balance to the appropriate state financial aid program. The Office does not specify how an institution should determine which financial aid funds created the credit balance. However, when possible, the Office encourages institutions to return state financial aid fund balances to the SELF Loan program first to reduce the student's debt.

The institution 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 which identify disbursements as MN SELF Loan or other clear designation;
- 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 D for Disbursement Checklist that may be used);
- copies of Enrollment Verification Reports sent by Firstmark to institutions 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); and
- written documentation of refund calculations for individual SELF recipients (e.g. copy of Refund Calculation Worksheet).

I. Financial Aid Administrators Web Page

A Financial Aid Administrators Resource page is available at [Financial Aid Resources](https://selfloan.state.mn.us/resources) (selfloan.state.mn.us/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. All questions from institutions should go to the SELF staff at the Office.

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.

K. Clearinghouse Information

If your institution is interested in joining the National Student Clearinghouse, please call the Clearinghouse at 703.742.7791 for more information. There is no charge for institutions to join the Clearinghouse.

L. SELF Refi

The Office offers a student loan refinancing product. Information is available at www.selfrefi.state.mn.us.

Section II - Appendices

Appendix A: 2022 Minnesota Statutes

STUDENT LOAN PROGRAMS https://www.revisor.mn.gov/statutes/cite/136A	
136A.15	DEFINITIONS.
136A.155	ADDITIONAL INSTITUTION ELIGIBILITY REQUIREMENTS.
136A.16	POWERS AND DUTIES OF OFFICE.
136A.162	CLASSIFICATION OF DATA.
136A.1701	SUPPLEMENTAL AND ADDITIONAL LOANS.

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⁷ <https://www.revisor.mn.gov/office/copyrightinfo.php#statutes>

Appendix B: Minnesota Administrative Rules

Chapter 4850, Supplemental Student Loans Minnesota Office of Higher Education ⁸	
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.
4850.0025	“TRANSITION PERIOD”.
4850.0026	COSIGNER.
4850.0027	CERTIFYING DISABILITY.

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⁸ <https://www.revisor.mn.gov/rules/agency/201>

Appendix C: SELF Loan Contacts

Minnesota Office of Higher Education SELF Program Contact Information	
Borrower and School	651.642.0567 or 800.657.3866 Staff are available Monday through Friday, from 8:00 a.m. to 4:30 p.m. Central Time.
Physical Address	Office of Higher Education 1450 Energy Park Drive, Suite 350St. Paul, MN 55108-5227
SELF email address	selfloan.ohe@state.mn.us
SELF Loan website	www.selfloan.state.mn.us
SELF Refi website	www.selfrefi.state.mn.us
Financial Aid Administrators SELF Resources website	https://www.selfloan.state.mn.us/ssl/de_inst_1.cfm
SELF Loan Manager	Marilyn Kosir 651.355.0600 marilyn.kosir@state.mn.us
SELF Loan Assistant Manager	Sarah Linehan 651.355.0602 Sarah.linehan@state.mn.us

Firstmark Services Contacts	
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
Address for returning disbursement checks and other school correspondence	Firstmark Services PO Box 82522 Lincoln, NE 68501-2522

Appendix D: Disbursement Checklist

Paper Checks:	
Date of Check:	
Amount of Check:	
Date check endorsed by institution:	
Date check endorsed by student:	
Was student enrolled at least half-time on date check was endorsed by student?	
Is the student maintaining Satisfactory Academic Progress?	

EFT Funds:	
Date of EFT:	
Amount of EFT:	
Date funds posted to student's account:	
Was student enrolled at least half-time on the date funds were posted to the student's account?	
Is the student maintaining Satisfactory Academic Progress?	

Appendix E: 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 an international 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 F: Power of Attorney – SELF Program

Because I will not be present to sign disbursement checks 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. Endorse SELF check(s) made payable to me and to the institution;
2. Make sure my institution account, if any, is credited with the proceeds of the loan;
3. If any proceeds remain after paying institution charges, make sure the institution either (check one):
 - keeps any remaining proceeds on account at the institution 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 G: 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 \$20,000 annual limit and \$100,000 cumulative limit:

Example 1					
Loan Number	Loan Period	Grade Level	Cumulative SELFDebt	Maximum Eligibility	Comments
Loan #1	9/1/18 -5/31/19	1	\$0	\$20,000	Took out \$20,000 SELF Loan
Loan #2	9/1/19 -5/31/20	2	\$20,000	\$20,000	Took out \$20,000 SELF Loan
Loan #3	9/1/21 -12/31/21	3	\$40,000 (grade levels 1 and 2)	\$20,000	Took out \$20,000 SELF Loan
Loan #4	1/1/22 -5/31/23	3	\$60,000 (grade levels 1, 2 and 3)	\$0	Borrower reached the grade level 3 cumulative maximum of \$60,000.

Example 2					
Loan Number	Loan Period	Grade Level	Cumulative SELFDebt	Maximum Eligibility	Comments
Loan #1	9/1/21- 5/31/22	3	\$0 (grade levels 1 and 2)	\$20,000	Took out \$20,000 SELF Loan
Loan #2	1/1/22 - 5/31/22	3	\$20,000 (grade levels 1, 2, and 3)	\$0	Seven months have not elapsed between the start of the loan periods(9/1/21 and 1/1/22) and the full \$20,000 was initially borrowed.
Loan #3	6/1/22 -8/31/22	3	\$20,000 (grade levels 1, 2, and 3)	\$20,000	Seven months have elapsed between the start of the first approved loan period (9/1/21) and this requested loan period (6/1/22). 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