

Minnesota Office of Higher Education

STUDENT LOANS & CONSUMER PROTECTION





Postsecondary Student Loans:

These are important words to know as you are going through the process of applying for a loan!

Co-Signer:	A credit-worthy individual, usually a parent or spouse, who has agreed to share the responsibility for repayment with a student.
Default:	Being delinquent in repaying a student loan more than a predetermined number of days or failure to comply with any of the other terms of the promissory note.
Deferment:	A postponement of the loan repayment. Conditions for deferment vary by loan program.
Delinquency:	Missing a scheduled payment on a student loan. If delinquency persists, default will occur.
Disbursement:	Providing loan funds to the student or to the institution on the student's behalf. A student loan can be disbursed in multiple payments. Disbursements can be sent electronically to the student's school to credit his or her school account.
Forbearance:	An arrangement to postpone or reduce a borrower's monthly payment amount for a limited and specified amount of time, or to extend the repayment period. The borrower is charged interest during the forbearance.
Interest:	A fee charged to borrow money. Interest charges are in addition to the principal of the loan.
Interest Subsidy:	The payment of interest on subsidized loans by the U.S. Department of Education for student borrowers while they are in school.
Principal:	The amount borrowed by the student before interest is charged.
Promissory Note:	The legal document signed by the borrower prior to receiving a student loan. Besides containing a promise to repay the loan, it lists the conditions of the loan and terms for repayment.
Servicer:	A loan servicer sends borrowers bills for payment, collects payment for the lender and maintains the borrower's loan accounts. Lenders, like the U.S. Department of Education, pay servicers to provide this function.

Student Loans are available from the federal government and state of Minnesota

How to Evaluate a Loan

Each loan has its own characteristics and features.
Here are some great questions to help you compare your options:

- What is the total cost to repay the loan (including the fees, principal and interest)?
- How long it will take to repay the loan?
- How much are the monthly payments?
- What are the late payment penalties?
- Can it be consolidated with other loans?
- Can payments be deferred if you re-enter college?
- Can payments be deferred if you experience financial difficulties?

Loan Options

Federal Subsidized and Unsubsidized Direct Loans

The federal government makes Direct and PLUS loans directly to students through schools across the country. No banks or guarantee agencies are involved. The U.S. Department of Education is the lender.

**Subsidized Direct Loans are disbursed on a need-based assessment.
The federal government pays interest while the student is in school.
Unsubsidized Direct Loans are not need based. Interest accrues while the student is in school.**

Interest rates are the same for federal Direct Subsidized and Unsubsidized Loans. Interest rates for new loans from July 1, 2022 to June 30, 2023 are 4.99% for undergraduates. For graduate students, the comparable interest rate is 6.54%. The amount you repay is based on how much you borrow.

Eligibility Requirements:

You must attend school at least half time, and your school must determine your financial need.

To apply, complete the FAFSA. You will then need to sign a promissory note, agreeing to repay your loan. The loan disbursements will be sent to your school. Most loans are disbursed in two or more payments.

Direct Stafford Loan Limits (Subsidized and Unsubsidized)			
	Undergraduate students		Graduate students (no longer eligible for unsubsidized loans)
	Dependent	Independent	
1st-year	\$5,500	\$9,500	\$20,500 for each year
2nd-year	\$6,500	\$10,500	
3rd- and 4th-year	\$7,500	\$12,500	
Aggregate	\$31,000	\$57,500	\$138,500

FEDERAL
SUBSIDIZED AND
UNSUBSIDIZED
DIRECT LOANS



FEDERAL
PLUS LOANS



STATE LOAN
PROGRAM
SELF LOAN

SELF Loan®

PRIVATE OR
ALTERNATIVE
LOANS



Federal PLUS Loans

Federal PLUS Loans are loans to parents of dependent undergraduate students and students in graduate and professional programs. Interest rates for new loans from July 1, 2022 to June 30, 2023 are 7.54%.

Eligibility Requirements:

Federal PLUS Loan borrowers must have their credit checked. Borrowers must be U.S. citizens or eligible non-citizens.

Borrowers may borrow up to the annual cost of attendance minus any financial aid received for students enrolled at least half time. There is no cap on annual or lifetime borrowing amounts.

To apply, students in graduate or professional programs, or parents of the undergraduate student, must complete a PLUS Loan application. Applications are available online.

State Loan program: SELF Loan

The SELF Loan is a Minnesota loan program. Approximately 400 institutions in Minnesota and out of state participate in the program. To find out if an institution participates, visit www.selfloan.state.mn.us.

Students are able to select either a fixed- or variable-rate SELF Loan. The fixed rate is 6.35%, and the variable rate is 4.5% as of July 2022. There are no guarantee or origination fees with the SELF Loan.

The loan limit for students enrolled in bachelor's degree, post-baccalaureate or graduate programs at participating schools is \$20,000 per year. Students enrolled in all other programs are eligible for up to \$10,000 per year.

To be eligible, a student must:

- Be enrolled in an eligible school in Minnesota or be a Minnesota Resident Student enrolled in an eligible school in another state
- Be enrolled at least half time in a certificate, associate, baccalaureate or graduate degree program
- Have a credit-worthy co-signer who is a U.S. citizen or permanent resident
- Not be delinquent or in default on a SELF or other outstanding student loan

To apply, a student must:

Complete the FAFSA. The campus financial aid administrator will determine the maximum amount a student may borrow and recommend a loan amount. The maximum cannot exceed the cost of attendance minus all other financial aid you are receiving.

Private or Alternative Loans

Private or Alternative loans are available from private lenders, such as banks, savings and loan associations or credit unions. Depending on the credit strength of the borrower/co-signer, these loans may cost more than federal loans, or the SELF Loan. For more information and assistance, contact the private lenders directly or the financial aid administrator at the school you attend or plan to attend.

SELF Refi Program

SELF Refi is a Minnesota student loan refinancing program. Minnesota residents who have earned a credential and are currently employed are eligible to refinance up to \$150,000 in student loans depending upon the type of credential earned. Borrowers not currently employed may qualify using household income and expenses with a spouse as the cosigner.

Fixed and variable rate options are available with 5, 10 and 15 year repayment terms. Interest rates range from 3.3% to 7.0% as of July 2022. There are no guarantee or origination fees for SELF Refi.

Eligibility is determined based on FICO score and debt-to-income ratio. Borrowers may qualify on their own, or if they have a cosigner, there is a release option with on-time payments.



Loan Repayment Options

This chart provides a guideline for the estimated minimum salary you would need to repay different levels of student loan debt. There are many repayment options for loans, be sure to pick the best option for your loan type and amount of debt.

Amount Borrowed	Monthly Payments (120 payments)	Estimated Income Level
\$10,000	\$115	\$14,400
\$15,000	\$173	\$21,600
\$20,000	\$230	\$28,800
\$23,000	\$265	\$33,100
\$30,000	\$345	\$43,200
\$40,000	\$460	\$57,500
\$50,000	\$575	\$71,900
\$65,500	\$754	\$94,200

Income Based Loan Repayment

Income based repayment is a federal program, in which the amount a borrower pays on federal loans each month is based on their income and family size. Because this program has the borrower making smaller payments in the first years of repayment, borrowers will pay more interest on the loan over time.

Public Service Loan Forgiveness

Public service loan forgiveness is a federal provision available to people working in public sector and nonprofit jobs, once they have made 10 years of payments on their federal loans. Payments made on or after October 1, 2007 qualify. Public school teachers and state employees qualify. The eligibility criteria and list of occupations are available from the U.S. Department of Education.

Loan Consolidation/Refinancing

If you have outstanding balances on several different federal loans, you may be able to combine them into one new consolidated loan with one monthly repayment. This reduces the size of your monthly payments by extending your repayment period for 10 to 30 years, depending on your total debt. Other loan consolidation or refinancing programs are available from the Minnesota Office of Higher Education, participating private or state lenders such as banks, credit unions, and savings and loan associations.

Defaulting on Your Loan

If you fail to repay your loan, you will be in default. Your lender and the state and federal governments can take action to recover the money:

- Your tax refunds may be withheld
- Part of your salary may be withheld if you work for the federal government
- You may be sued and taken to court
- Credit bureaus will be informed and your future credit rating may be affected, which may make it difficult to borrow money for a car or a house
- You will not be able to obtain additional state or federal student aid until you make satisfactory arrangements to repay

Beware of Financial Aid Search Companies

Some financial aid search companies offer to match students with financial aid for a fee. Be cautious in using these services. There are no guarantees the company will find any sources of financial aid that you cannot find yourself.

The following are some questions to consider if you use a search company or financial aid consultant:

- Does the company maintain its own scholarship database?
- Do the sources include federal and state programs for which the student will be considered through the regular financial aid application process?
- Do the sources include institutional scholarships about which the student would be notified once accepted to the college?
- How often does the company update its list of aid sources?
- Are there application fees for the sources provided?

Proceed with caution if you notice any of these red flags:

- Requests your personal information, such as: bank accounts, credit cards or social security number
- Uses excessive hype and claims high success rates
- Requires up-front money for application fees
- Has typing and spelling errors on application materials
- Lists no telephone number for the business
- Suggests influence with scholarship sponsors
- Pressures you to respond quickly

If you have been the victim of a scholarship scam, file a complaint and report the fraud

Consumer Protection

If you have been the victim of a scholarship scam, file a complaint and report the fraud.

Student Advocacy and Consumer Protection

Colleges licensed and registered by the Minnesota Office of Higher Education are held accountable by our agency. If you have a bad experience or believe the institution has not met its promises, you can file a complaint through our Institutional Licensing and Registration Department. The Minnesota Office of Higher Education will investigate complaints regarding colleges who are out of compliance with state standards. See contact information in box below.

Where to File Complaints

Registration and Licensing at the Minnesota Office of Higher Education
1450 Energy Park Drive, Suite 350 Saint Paul, MN 55108
651-259-3975 or 1-800-657-3866 info.ohe@state.mn.us

More information here: www.ohe.state.mn.us/studentadvocate

2022-2023 Academic Year

STUDENT LOAN PROGRAM LOAN COMPARISON CHART

FEDERAL LOAN PROGRAMS

LOAN PROGRAM TYPE	STAFFORD/DIRECT LOAN
BORROWER	Student
COSIGNER REQUIRED	NO
LOAN DESCRIPTION	Half-time attendance required. Loans can be subsidized (need-based) or unsubsidized (non need-based)
INTEREST RATE	Fixed rate
CURRENT INTEREST RATE	4.99% Unsubsidized and Subsidized Undergraduate 6.54% Unsubsidized Graduate
FEES	1.057% Of loan - default fee
ANNUAL LOAN LIMITS	\$5,500 (1st Year) \$6,500 (2nd Year) \$7,500 (3rd-5th Year) \$20,500 (Graduate) Independent students or dependent students whose parents don't qualify for a PLUS loan are eligible for \$4,000-\$5,000 more per year.
AGGREGATE LIMITS *UG=Undergraduate Level **Grad=Graduate Level	\$31,000 (Undergraduate) \$138,500 (Graduate) Independent students and dependent students whose parents are turned down for PLUS may have higher limits.
REPAYMENT - IN SCHOOL	Interest payments may be deferred for unsubsidized loans.
REPAYMENT - OUT OF SCHOOL	Begins 6 months after student graduates or drops below half-time status. Repayment term up to 10 years. Various repayment options are available.
DEFERMENT, CANCELLATION, FORGIVENESS OPTIONS	Deferment and forbearance options available. Discharged for death/permanent disability. Cancellation provisions for teachers and other designated public service professions.
ELIGIBILITY FOR FEDERAL LOAN CONSOLIDATION PROGRAMS	YES

2022-2023 Academic Year STUDENT LOAN COMPARISON CHART

FEDERAL LOAN PROGRAMS		MN SELF LOAN PROGRAM																					
GRADUATE PLUS LOAN	PARENT PLUS LOAN																						
Student	Parent	Student																					
NO	NO	YES. Cosigner must pass credit check.																					
Student must be enrolled at least half time at an eligible postsecondary institution in a graduate program.	Non-need based. Parent may not have adverse credit history.	Non-need based loan for participating schools. School determines eligibility. Cosigner must be credit-worthy.																					
Fixed rate. Interest accrues while student is in school.	Fixed rate. Interest accrues while student is in school.	Variable rate, adjusted quarterly. Fixed rate option available. Interest accrues while student is in school.																					
4.3% Certain reductions during military service	5.3% Certain reductions during military service.	6.35% as of July 1, 2022. Fixed rate option of 4.5%. Certain reductions during military service. Variable rate cannot increase more than 3% in one year.																					
4.228% (default and origination)	4.228% (default and origination)	None																					
None. Annual eligibility limited to cost of attendance less any other financial aid.	None. Annual eligibility limited to cost of attendance less any other financial aid.	<div> <div>\$3,500</div> <div>\$10,000</div> <div>\$20,000</div> </div> <div> Undergraduate short programs Undergraduate 1-2 year programs Undergraduate 4-Year programs; Graduate </div>																					
None	None	<table> <tr> <td></td><td>Short Programs</td><td>4-Year or Grad</td></tr> <tr> <td>1st year</td><td>\$10,000</td><td>\$20,000</td></tr> <tr> <td>2nd year</td><td>\$20,000</td><td>\$40,000</td></tr> <tr> <td>3rd year</td><td>\$30,000</td><td>\$60,000</td></tr> <tr> <td>4th year</td><td></td><td>\$80,000</td></tr> <tr> <td>5th year</td><td></td><td>\$100,000</td></tr> <tr> <td>Agg.</td><td></td><td>\$140,000</td></tr> </table>		Short Programs	4-Year or Grad	1st year	\$10,000	\$20,000	2nd year	\$20,000	\$40,000	3rd year	\$30,000	\$60,000	4th year		\$80,000	5th year		\$100,000	Agg.		\$140,000
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4th year		\$80,000																					
5th year		\$100,000																					
Agg.		\$140,000																					
Deferred while student is in school attending at least half time.	Begins 30-60 days after final disbursement made. Up to 10 years to repay. May be deferred while student is in school at last half time.	Monthly payments of \$15 while in school.																					
Begins 6 months after student graduates or drops below half-time status. Repayment term of up to 10 years. Various repayment options are available.	Begins 6 months after student graduates or drops below half-time status. Repayment term of up to 10 years. Various repayment options are available.	Monthly payments of \$15 required for 12 months after borrower terminates studies. Standard repayment length increases with aggregate balance. Extended interest only plan available.																					
Deferment and forbearance options available. Discharge for death/permanent disability.	Deferment and forbearance options available. Discharge for death/permanent disability.	Short-term forbearance period for financial hardship. Discharged for borrower death/permanent disability.																					
YES	YES	NO																					

ONLY

**Payments of \$25 or less per month
while still in school.**

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KIND OF LOAN
I CAN AFFORD.

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MINNESOTA STUDENT LOANS 



We're making school loans even more manageable with our new SELF VI. Payments are limited to \$25 or less per month/per loan while you're in school and up to 12 months after graduation.

Visit selfloan.state.mn.us for full details.

mn OFFICE OF
HIGHER EDUCATION

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Student Loans & Consumer Protection

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www.selfrefi.state.mn.us
www.selfloan.state.mn.us
www.ohe.state.mn.us

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