

## Federal Direct PLUS Loan and Private Education Loan Comparison Chart

Characteristics	Federal Direct PLUS Loan	Private Education Loans
<b>How to research and apply</b>	<ul style="list-style-type: none"> <li>➤ Complete Free Application for Federal Student Aid (FAFSA).</li> <li>➤ <a href="http://www.studentloans.gov">www.studentloans.gov</a> <ul style="list-style-type: none"> <li>• Request a PLUS Loan</li> <li>• Complete Promissory Note</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Free Application for Federal Student Aid (FAFSA) may be required.</li> <li>➤ May be borrowed from any private lending institution.</li> <li>➤ Searchable online and/or at local banks, credit unions, and with non-profit state educational organizations.</li> </ul>
<b>Borrower</b>	<p><b>Parent Direct PLUS:</b> parent borrows for dependent student to attend an undergraduate program.</p> <p><b>Graduate Direct PLUS:</b> student borrows for their own graduate program.</p>	<p>The student is the borrower and often times a cosigner is required as a co-borrower.</p> <p>There may be a few lenders that do not require a cosigner.</p>
<b>Repayment</b>	<p>The first payment is due within 60 days after the loan is fully disbursed (see Deferment Options).</p> <p><b>Standard Repayment-</b> fixed monthly payments over 10 years</p> <p><b>Graduated Repayment</b> - low payments that gradually increase over 10 years</p> <p><b>Extended Repayment-</b> fixed or graduate payment schedule on a balance of \$30,000 or more, up to 25 years</p>	<p>Determined by lender; check directly with individual lenders as options will vary.</p> <p>Some examples are:</p> <p><b>In-School payment plans-</b> repayment during enrollment</p> <p><b>Deferred Interest plans-</b> interest only payments during enrollment</p> <p><b>Fixed payment options</b> - consistent monthly payment</p> <p><b>Deferred Payment plans</b> - repayment starts after enrollment ends</p>
<b>Eligibility Criteria</b>	<p>Student must be enrolled at least half-time:</p> <ul style="list-style-type: none"> <li>• 6 credits per term for undergraduate</li> <li>• 3 credits per term for graduate</li> </ul> <p>Must meet requirements to receive federal aid.</p>	<p>Variety of products from lenders based on enrollment:</p> <ul style="list-style-type: none"> <li>• full-time or part-time</li> <li>• non-degree</li> <li>• back balance</li> </ul>
<b>Loan Fees</b>	<p>Loan fee of 4% with a 1.5% upfront rebate, resulting in a net fee of 2.5%.</p>	<p>Determined by lender.</p> <p>Fees range from 0% to 10% or higher.</p>
<b>Interest Rates and Accrual</b>	<p>Fixed interest rate of 7.9% for loans taken out on or after July 1, 2006.</p> <p>Interest begins to accumulate after first loan disbursement.</p> <p>Capitalized interest at repayment.</p> <p>No interest subsidy.</p>	<p>Determined by lender.</p> <p>Variable interest rates with no maximum; may range from approximately 5% and up.</p> <p>Rarely lenders offer fixed interest rates.</p> <p>Interest begins to accumulate after first loan disbursement. Lender determines interest capitalization procedures.</p> <p>No interest subsidy.</p>

<b>Credit Requirements</b>	Approval based on credit check performed as part of the online application process.  If applicant is denied, a dependent student may be eligible for an additional unsubsidized loan (no more than \$4,000 as a freshman or sophomore and \$5,000 as a junior or senior).	Approval based on credit check performed as part of the online or paper application process.  Co-signers may help secure a lower interest rate tier for the student borrower.
<b>Loans Amounts</b>	Up to the cost of attendance less any other financial aid.  No aggregate limit.	Up to the cost of attendance less any other financial aid.  Limits or aggregate maximums may be established by the lender.
<b>Co-signer</b>	Endorser option is available as a resolution to credit denials. An endorser is a co-borrower, someone who agrees to repay the loan if the borrower defaults.	Co-signer is often required. A co-signer may also be considered optional as determined by loan product and lender. A co-signer is equally responsible to repay the loan if the borrower is late on payments or the borrower defaults. A co-signer release may be available.
<b>Grace Period</b>	There is no grace period for Direct PLUS Loans.  See the Deferment Options section in this chart.	Ranges from no grace period to 6 months and varies by lender.
<b>Repayment Term</b>	10-25 years, with option of Federal Direct Loan Consolidation. Possibility to extend to 30 years.	Determined by lender, may range from 5-25 years. Not eligible for federal Direct Loan Consolidation.
<b>Deferment Options</b>	<b>Parent Direct PLUS Loan</b> borrowers may defer payments based on the enrollment status of the dependent student.  <b>Graduate Direct PLUS Loan</b> borrowers can postpone payments on Direct PLUS Loans while they are enrolled at least a half-time with an In-School Deferment.  For complete Federal Direct PLUS Loan deferment options, including Unemployment and Economic Hardship Deferments go to: <a href="http://www.studentloans.gov">www.studentloans.gov</a>	No deferment options available.  There may be other ways to temporarily suspend or temporarily reduce payments depending on options offered by lenders.  Also see the "Repayment" option section in this chart.
<b>Death and Disability</b>	Loan cancellation or discharge is available upon death or total and permanent disability of the borrower or student.	Loan cancellation or discharge is determined by the lender.  Most private education loans do not have a loan cancellation or discharge option.
<b>Resources and Financial Literacy</b>	<a href="http://www.federalstudentaid.ed.gov">www.federalstudentaid.ed.gov</a> <a href="http://www.students.gov">www.students.gov</a> <a href="http://www.irs.gov">www.irs.gov</a> <a href="http://www.fafsa.ed.gov">www.fafsa.ed.gov</a>	Available through lender websites and literature.