

# PLUS LOAN VS. PRIVATE LOAN

	Federal PLUS Loan Program	Private Loan Programs
<b>Borrower</b>	<ul style="list-style-type: none"> <li>• Parent PLUS Loan: Parent</li> <li>• Graduate PLUS Loan: Student</li> </ul>	Student or Parent
<b>Fixed Interest Rate</b>	6.31% (2016/2017)	Varies by Lender
<b>Variable Interest Rate</b>	N/A	Most lenders have a fixed and variable rate, the fixed will typically be higher initially than the variable
<b>Origination Fee</b>	<ul style="list-style-type: none"> <li>• 4.272% (10/1/15-09/30/16)</li> <li>• 4.276% (10/1/16-09/30/17)</li> </ul>	Usually 0% (check with lender)
<b>Credit Requirements</b>	<ul style="list-style-type: none"> <li>• Credit check required</li> <li>• Approval determined by federal criteria, not credit score</li> <li>• No adverse credit &amp; no excessive debt</li> </ul>	<ul style="list-style-type: none"> <li>• Credit check required</li> <li>• Approval determined by lender criteria</li> <li>• Credit score &amp; credit history important</li> <li>• <b>Cosigner with good credit recommended</b> (cosigner is only responsible if borrower (student) fails to make payments. Only the borrower's credit history will be impacted, not the cosigner's.</li> </ul>
<b>Enrollment Requirements</b>	At least half-time (6 units)	At least half-time (6 units) – Some Lenders will provide loans to students studying less than half time
<b>Eligibility</b>	U.S. Citizen or permanent Resident	U.S. Citizen or permanent resident OR must apply with a creditworthy U.S. Citizen or permanent resident cosigner
<b>Pay for Past due Balance</b>	No	<i>Charter One TruFit Student Loan (180 days) and Sallie Mae Smart Option Loan (365 days)</i>
<b>Annual Loan Limit</b>	Cost of Attendance minus other financial aid	Cost of Attendance minus other financial aid

<b>Aggregate Loan Limit</b>	None	Varies by lender
<b>Grace Period</b>	No federal grace period; can request deferment while student is in school	Varies by lender. Determined by how application is originally completed.
<b>Deferment</b>	PLUS offers unemployment and economic hardship deferments.	Some lenders offer deferment during unemployment or economic hardships
<b>Repayment Terms</b>	<ul style="list-style-type: none"> <li>• Standard</li> <li>• Graduated</li> <li>• Income-based</li> <li>• Pay as You Earn</li> <li>• Income Contingent</li> </ul>	Determined by lender; Varies by lender; Chosen during application process and cannot be changed after application is completed.
<b>Master Promissory Notes (MPN)</b>	<ul style="list-style-type: none"> <li>• Regular approval: MPN is good for 10 years</li> <li>• Endorsed loan: new MPN need for each application</li> </ul>	New MPN required for each application. Part of application process with lender.
<b>Consolidation</b>	Consolidate with other federal PLUS loans (Direct Loans & FFEL)	Cannot be consolidated with federal loans. Some lenders offer consolidation
<b>Borrower Benefits</b>	0.25% interest rate reduction for electronic debit account repayment (ACH)	<ul style="list-style-type: none"> <li>• Benefits offered to reduce interest rates and overall loan costs (usually include 0.25% reduction for use of ACH. Check with lender)</li> <li>• Cosigner release options – varies by lender</li> </ul>
<b>Loan Discharge</b>	PLUS Loans are federally insured and are discharged in the event of total and permanent disability or death.	Most lenders offer the ability to discharge a loan in the event of total and permanent disability or death. Check with lender.
<b>Tax Incentives</b>	Yes; 1098E given if interest paid is over required amount. Check with tax advisor to determine eligibility for benefit.	Varies by lender. Contact lender to determine eligibility to receive 1098E. Contact tax advisor to determine eligibility for tax benefit.