

Direct PLUS Loans vs. Private Student Loans

	Direct PLUS Loan	Private Student Loan
Borrower	<ul style="list-style-type: none"> The parent is the borrower. The loan can never be transferred out of the parent's name. 	<ul style="list-style-type: none"> The student is the borrower but will most likely need a creditworthy co-signer.
Interest Rate	<ul style="list-style-type: none"> Fixed interest rate of 7.9% Interest accrues from the date the loan is disbursed. 	<ul style="list-style-type: none"> Variable or fixed interest rate determined monthly or quarterly based on Prime or LIBOR plus a margin. Currently rates range between 3-14%. Interest accrues from the date the loan is disbursed.
Fees	<ul style="list-style-type: none"> A 2.5% Fee will be deducted from the loan proceeds prior to disbursement. 	<ul style="list-style-type: none"> Fees vary among lenders and may range from 0-9%. Often, fees will be determined in part by measure of creditworthiness.
Credit Requirements	<ul style="list-style-type: none"> Credit check is based on federal standards and does not include credit scoring or debt to income ratios. If the parent does not pass the credit check, the student can be offered additional Direct Loan money. 	<ul style="list-style-type: none"> Terms vary by lender, most of whom use credit scores or debt to income ratios to determine creditworthiness, interest rates and fees.
Loan Limits	<ul style="list-style-type: none"> Parents may borrow up to the cost of attendance less other aid. 	<ul style="list-style-type: none"> Student (typically with co-signer) may borrow up to the cost of attendance less other aid. Limits may also depend on lender maximums.
Cancellation	<ul style="list-style-type: none"> Although Direct PLUS Loans must be paid in full, there are a few situations in which the loan may be discharged (ex. permanent and total disability, your death, or the death of the dependent student.) 	<ul style="list-style-type: none"> Some Private loans are not insured against death or disability. Insurance may be available to borrowers.
Repayment Terms	<ul style="list-style-type: none"> Repayment can be deferred at the request of the borrower if the student is enrolled at least half time. If deferment is not requested, repayment will begin within 60 days of final disbursement. Generally, repayment terms are 10 years and there are no pre-payment penalties. 	<ul style="list-style-type: none"> Repayment varies by lender. Most loans are deferred until six months after a student ceases to be enrolled at least half time. Students may select from several repayment plans and most lenders allow prepayment and early payoff without penalty.
Deferment/ Forbearance	<ul style="list-style-type: none"> Various deferment or forbearance options are available. 	<ul style="list-style-type: none"> Deferment options vary widely and are generally less flexible than Direct PLUS loan deferments.
Consolidation	<ul style="list-style-type: none"> Direct PLUS loans may be consolidated at a fixed interest rate. 	<ul style="list-style-type: none"> Very few private loan lenders offer consolidation options.
How To Apply	<ul style="list-style-type: none"> Apply for a Direct PLUS Loan at www.studentloans.gov. (You will need the parent PIN number to log into website and complete application) 	<ul style="list-style-type: none"> Visit our website for more information (http://www.geneva.edu/object/private_edu_loans). These loans often take longer to process so we recommend applying as early as possible.