

Federal Direct PLUS Loans vs. Private Student Loans

	Federal Direct PLUS Loan	Private Student Loan
Borrower	<ul style="list-style-type: none"> The parent or graduate student is the borrower. The loan can never be transferred to another 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 4% Fee will be deducted from the loan proceeds prior to disbursement. 	<ul style="list-style-type: none"> Many lenders offer 0% fee loans, but they can 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. For undergraduate students, if the parent does not pass the credit check, the student can be offered additional Direct Unsubsidized Loan. 	<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/graduate students 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. Check with lender for details.
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 after 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"> Options vary widely- 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. See www.loanconsolidation.ed.gov. 	<ul style="list-style-type: none"> Very few private loan lenders offer consolidation options. See www.finaid.org for details.
How To Apply	<ul style="list-style-type: none"> Apply for a Direct PLUS Loan at www.studentloans.gov. (Use parent PIN from FAFSA to Sign In) 	<ul style="list-style-type: none"> Visit www.geneva.edu/fa for more information.