

Comparing Direct Graduate Plus & Private Educational Loans

	Graduate Plus Loan	Private Education Loan
Borrower	Loan is made to the student; an endorser may be required.	Loan is made to the student; however, a credit worthy co-borrower may be required for best terms or eligibility.
Credit Requirements	Credit approval based on absence of bad credit (not in default, in a collections status, charge off, write off or 90 days past due on any account), not credit score. Endorser option if credit requirement not met.	Credit approval based on credit score and history.
Annual Loan Limit	Cost of attendance less financial aid.	Generally cost of attendance less financial aid.
Aggregate Loan Limit	None	Varies by lender.
Interest Rate	Fixed rate at 7.9%	Variable rate that varies by lender, credit score and whether a co-borrower (e.g., Prime – 0.75% to Prime + 1.00%)
Fees	2.5%	Variable rate that varies by lender, credit score and whether a co-borrower (e.g., 0%-5% for origination &/or repayment fees)
Deferment & Forbearance	Federal deferment & forbearance available.	Federal deferment & forbearance <u>not</u> available; forbearance availability varies by lender.
Grace Period	None; borrower will be given an in-school deferment & possible 6-month forbearance to align with Direct Loans.	Varies by lender; 6-9 months.
Repayment Period	10-25 years depending on repayment option & amount owed.	Varies by lender & amount owed; range of 10-25 years.
Repayment Terms	Standard, graduated, extended & income contingent.	Varies by lender; sometimes interest only payments allowed during early years.
Federal Student Loan Consolidation	Eligible for federal student loan consolidation.	<u>Not</u> eligible for federal student loan consolidation.
Death & Disability	Loan can be discharged upon death of the borrower or if borrower becomes totally & permanently disabled.	Most loans are not insured against death or disability.
Master Promissory Note	Yes	Varies by lender.

Additional considerations for students anticipating public interest/ public service careers:

Federal loans, not private loans, may be eligible for the new Federal Loan Repayment Assistance Program to begin in July 2009. For more information visit

http://projectonstudentdebt.org/initiative_page_view.php?initiative_idx=&initiative_page_idx=20.