

Comparing Graduate PLUS & Private Educational Loans

	Graduate PLUS Loan	Private Educational 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 - 1.125% to Prime + 6.5%)
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 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	Not 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