

Federal Direct Parent PLUS Loan & Private Education Loan Comparison

There are some fundamental differences between the Federal Direct Parent PLUS Loan and the loans available from private lenders. This chart will give you a basic overview to help you begin to navigate your loan options.

	Federal Direct Parent PLUS Loan	Private Education Loans
How to Research & Apply	<p>Research at studentaid.gov/loans.</p> <p>Complete Free Application for Federal Student Aid (FAFSA) at fafsa.gov.</p> <p>Apply at studentloans.gov.</p>	<p>May be borrowed from any private lending institution. Searchable online and/or at local banks and credit unions, and with nonprofit state educational organizations.</p>
Borrower	<p>The parent of a dependent undergraduate student is the borrower.</p>	<p>The student is usually the borrower, and most often a cosigner is required as a co-borrower.</p>
Repayment	<p>The first payment is due within 60 days after the loan is fully disbursed (see Deferment Options).</p> <p>Standard Repayment Fixed monthly payments over 10 years.</p> <p>Graduated Repayment Low payments that gradually increase over 10 years.</p> <p>Extended Repayment Fixed or graduated payment schedule on a balance of \$30,000 or more, up to 25 years.</p>	<p>Determined by lender (check directly with individual lenders as options will vary).</p> <p>In-School Payment Plans Repayment during enrollment.</p> <p>Deferred Interest Plans Interest-only payments during enrollment.</p> <p>Fixed Payment Options Consistent monthly payment.</p> <p>Deferred Payment Plans Repayment starts after enrollment ends.</p>

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Eligibility Criteria	<p>Student must be enrolled at least half-time:</p> <ul style="list-style-type: none"> ▶ Six credits per term for undergraduates at Champlain College. ▶ Must meet requirements to receive federal aid. 	<p>Variety of products from lenders based on:</p> <ul style="list-style-type: none"> ▶ Full-time or part-time enrollment. ▶ Non-degree status. ▶ Past due balance.
Loan Fees	<p>Loan fee currently scheduled to be 4.264%.</p>	<p>Determined by lender. Fees range from 0% to 10% or higher.</p>
Interest Rates & Accrual	<p>Fixed interest rate is based on the 10-year treasury note plus 4.6%.</p> <p>Interest begins to accumulate after first loan disbursement.</p> <p>Capitalized interest at repayment.</p> <p>No interest subsidy.</p>	<p>Determined by lender. Interest rates can be fixed or variable. Interest begins to accumulate after first loan disbursement.</p> <p>Lender determines interest capitalization procedures.</p> <p>No interest subsidy.</p>
Credit Requirements	<p>Approval based on a modest credit check that determines whether the parent has adverse credit history. Adverse credit history is defined as:</p> <ul style="list-style-type: none"> ▶ A current 90-days or more delinquency of over \$2,085. ▶ Debt in collection or charged-off during the past two years. ▶ Evidence of a bankruptcy, default, foreclosure, repossession, tax lien, wage garnishment or write-off of a Title IV debt during the past five years. 	<p>Approval based on credit check performed as part of the online or paper application process.</p> <p>Cosigners may help secure a lower interest rate tier and/or fewer fees for the student borrower.</p>

FEDERAL DIRECT PARENT PLUS LOAN & PRIVATE EDUCATION LOAN COMPARISON

	Federal Direct Parent PLUS Loan	Private Education Loans
Loan limits	Up to the cost of attendance, less any other financial aid. No aggregate limit.	Up to the cost of attendance, less any other financial aid. Limits or aggregate maximums may be established by the lender.
Cosigner	Endorser option is available as a resolution to credit denials. An endorser is a co-borrower, someone who agrees to repay the loan if the borrower defaults.	Cosigner is most often required. A cosigner is equally responsible to repay the loan if the borrower is late on payments or the borrower defaults. A cosigner release may be available.
Grace Period	There is no grace period for Direct Parent PLUS Loans. (See the Deferment Options section in this chart.)	Ranges from no grace period to six months and varies by lender.
Repayment Term	10–25 years, with option of Federal Direct Loan Consolidation. Possibility to extend to 30 years.	Determined by lender, may range from 5–25 years. Not eligible for Federal Direct Loan Consolidation.
Deferment Options	Direct Parent PLUS Loan borrowers may defer payments based on the enrollment status of the dependent student. For complete Federal Direct Parent PLUS Loan deferment options, including Unemployment and Economic Hardship Deferments, go to studentaid.ed.gov .	No deferment options available. Limited options to temporarily suspend or temporarily reduce payments, depending on the lender. (See the Repayment section in this chart.)
Death & Disability	Loan cancellation or discharge is available upon death or total and permanent disability of the borrower or student.	Loan cancellation or discharge is determined by the lender. Most private education loans do not have a loan cancellation or discharge option.