

### Federal PLUS Loan versus Private Alternative Loan Comparison Chart

	<b>Federal PLUS Loans</b>	<b>Private Alternative Loans</b>
<b>Responsible Party</b>	Parent	Student
<b>Co-Signer</b>	None required	Required in most cases
<b>Interest Rate and Rate Caps</b>	- Low, variable interest rate set annually; - Will never exceed 9%	- Low, variable rate set quarterly or monthly; - Higher than PLUS loans; - Could reach 21%
<b>Accrued Interest</b>	Accrued interest capitalizes once at final repayment	Accrued interest may be capitalized monthly, quarterly, or once at repayment
<b>Loan Payments and Terms</b>	Shorter repayment term means higher monthly payments but lower finance charges	Longer repayment term means lower monthly payments but higher finance charges
<b>Approval Criteria</b>	- Credit check based on federal standards; - No debt-to-income ratios or credit scoring	Based on student's credit history and debt-to-income ratio
<b>Applying for a Loan</b>	- Master Promissory Note is good for 10 years; - No annual paperwork to complete	Must re-apply each year for additional funds
<b>Borrowing Limits</b>	Parents may borrow up to the cost of education less any financial aid received	Students may borrow up to the full cost of education less financial aid awarded, depending on debt-to-income ratio and co-signer quality
<b>Repayment</b>	- Parent is responsible; - Repayment begins 60 days after loan is fully disbursed	- Student is responsible; - Repayment can be deferred up to six months after leaving school; - A parent can act as co-signer
<b>Payment Flexibility</b>	- Income-sensitive; - Graduated and extended repayment options are available	Several payment options are available
<b>Payment Deferment Situations</b>	Lender may offer delayed payment options for up to four years through forbearance	- No deferment during unemployment or economic hardship; - Payment may be deferred while student is enrolled at least half-time
<b>Payment Insurance</b>	Federally insured against death and disability for both the parent and the student	Not federally insured and offer no discharge in the event of disability or death
<b>Prepayment Penalty</b>	No prepayment penalty	No prepayment penalty
<b>Consolidation</b>	Parents have the ability to lock into a fixed rate	Loans cannot be consolidated