

# Borrowing a Federal PLUS Loan vs. a Private/Alternative Education Loan

FEATURE	Federal Direct PLUS Loan	PRIVATE/ ALTERNATIVE LOAN
<b>Interest Rate</b>	Fixed 7.08% (Through 6/30/2020; new rate will be set by 7/1/2020 for the succeeding 12 months.)	Variable Can range from 3%-18%; many reset quarterly
<b>Borrower</b>	Parent (Loan is in parent's name indefinitely.)	Student Parent is often a co-signer. Co-signer bears equal responsibility for loan repayment if the student defaults. Loan will also appear on co-signer's credit report.
<b>Loan Amounts</b>	Up to student's "Cost of Attendance" (COA) minus other financial aid. (COA determined by the college financial aid office.)	Minimum/maximum borrowing limits vary from lender to lender. Up to student's "Cost of Attendance" (COA) minus other financial aid. (COA determined by the college financial aid office.)
<b>Cancellation</b>	Loan forgiven if student or parent dies.	Not usually discharged if student dies.
<b>Interest Accrual</b>	Parent may postpone payments up to four years; interest accrued during postponed period is capitalized. Parents may choose to make interest-only payments while student is enrolled in school.	Interest accrues while student is enrolled in school. Some programs require student to make minimum monthly payments or interest-only payments while in school. If payments are deferred, repayment usually begins six months after student graduates or leaves school.
<b>Deferment/Forbearance</b>	Deferment and forbearance options available.	Varies from lender to lender. Check with lender for availability.
<b>Qualifying</b>	Based on credit history; debt-to-income is not considered, making it easier to qualify.	Varies from lender to lender, but often debt-to-income ratio is considered in credit decision.
<b>Ease of Application</b>	Complete Viterbo Federal PLUS Loan Request Form (available at <a href="http://www.viterbo.edu/financial-aid">http://www.viterbo.edu/financial-aid</a> )	Usually more difficult. Supporting documentation generally required (proof of income, co-borrower addendum, etc.).
<b>Fees</b>	4.248% Origination Fee (deducted from loan prior to disbursing to school)	Fees vary from lender to lender. May include origination and/or repayment fees. Fees can be as high as 16% or even higher.
<b>Repayment Term</b>	10 years (possibly longer if loan is consolidated and/or refinanced)	Varies among lenders; typically 10-25 years
<b>Consolidation</b>	Can be consolidated in a Federal Consolidation Loan.	Cannot be added to a Federal Consolidation Loan.