

VERMONT TECH

Federal Direct PLUS Loan and Private Education Loan Comparison Chart		
Characteristics	Federal Direct PLUS Loan	Private Education Loans
How to Research and Apply	<p>*Complete Free Application for Federal Student Aid (FAFSA). *www.studentloans.gov</p> <p>-Complete and return Direct PLUS Loan application form to Financial Aid Office</p> <p>-Complete Promissory Note</p>	<p>*May be borrowed from any private lending institution.</p> <p>*Searchable online and/or at local banks and credit unions, and with non-profit state educational organizations</p>
Borrower	<p>*The parent of a dependent, undergraduate student is the borrower</p>	<p>*The student is the borrower and most often a cosigner is required as a co-borrower.</p> <p>*Credit-worthy students meeting the lender's income requirements may not require a cosigner</p>
Repayment	<p>*The first payment is due within 60 days after the loan is fully dispersed (see Deferment Options). Standard Repayment fixed monthly payments over 10 years Graduated Repayment low payments that gradually increase over 10 years 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. Some examples are:</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>
Eligibility Criteria	<p>Student must be enrolled at least half-time:</p> <p>-6 credits per term for undergraduates</p> <p>-Must meet requirements to receive federal aid</p>	<p>Variety of products from lenders based on enrollment:</p> <p>-Full-time or part-time</p> <p>-Non-degree</p> <p>-Past due balance</p>
Loan Fees	<p>Loan fee currently scheduled to be 4%</p>	<p>Determined by lender.</p> <p>Fees range from 0% to 10% or higher</p>
Interest Rates and Accrual	<p>*Fixed interest rate of 7.9%.</p> <p>*Interest begins to accrue after first loan disbursement.</p> <p>*Capitilized interest at repayment.</p> <p>*No interest subsidy.</p>	<p>*Determined by lender.</p> <p>*Interest rates can be fixed or variable.</p> <p>Interest rates may range from approximately 3% and up, with no caps or caps as high as 20% for variable rate loans.</p> <p>*Interest begins to accrue after first loan disbursement.</p> <p>*Lender determines interest capitilization procedures.</p> <p>*No interest subsidy.</p>

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Credit Requirements	<p>*Approval based on a modest credit check that determines whether the parent has adverse credit history.</p> <p>*Adverse credit history is defined as:</p> <ul style="list-style-type: none"> -A current 180-day delinquency; -Debt discharged in bankruptcy during the past five years; or -Evidence of default, foreclosure, tax lien, repossession, 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>*Co-signers may help secure a lower interest rate tier for the student borrower.</p>
Loan Amounts	<p>*Up to the cost of attendance, less any other financial aid. *No aggregate limit.</p>	<p>*Up to the cost of attendance, less any other financial aid. *Limits or aggregate maximums may be established by the lender.</p>
Co-Signer	<p>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.</p>	<p>Co-signer is most often required. A co-signer may also be considered optional as determined by loan product and lender. A co-signer is equally responsible to repay the loan if the borrower is late on payments or the borrower defaults. A co-signer release may be available.</p>
Grace Period	<p>*There is no grace period for Direct PLUS Loans.</p> <p>*See the Deferment Options section in this chart.</p>	<p>Ranges from no grace period to 6 months, and varies by lender.</p>
Repayment Term	<p>10-25 years, with option of Federal Direct Loan Consolidation. Possible to extend to 30 years.</p>	<p>Determined by lender, may range from 5-25 years. Not eligible for Federal Direct Loan Consolidation.</p>
Deferment Options	<p>*Direct Parent PLUS Loan borrowers may defer payments based on the enrollment status of the dependent student.</p> <p>*For complete Federal Direct PLUS Loan deferment options, including Unemployment and Economic Hardship Deferements, go to: www.studentaid.ed.gov</p>	<p>*No deferment options available.</p> <p>*Limited options to temporarily suspend or temporarily reduce payments, depending on the lender. *Also see the "Repayment" option section of this chart.</p>
Death and Disability	<p>Loan cancellation or discharge is available upon death or total and permanent disability of the borrower or student.</p>	<p>*Loan cancellation or discharge is determined by the lender.</p> <p>*Most private education loans do not have a loan cancellation or discharge option.</p>
Resources	<p>www.studentaid.ed.gov</p>	<p>Available through lender websites and literature.</p>