

Federal Graduate PLUS vs. Private Educational Loans 2009-2010

	Federal Graduate PLUS Loan	Private Educational Loans
Borrower	Loan is made to the student: a co-borrower may be required	Loan is made to the student; how-ever, a credit worthy co-borrower may be required for best terms or eligibility.
Credit Requirements	Credit approval based on absence of adverse credit *(90 days or more delinquent on any debt or having a credit report that shows default, discharge, foreclosure, repossession, tax lien, wage garnishment, or a write-off of a Title IV debt, during the five years preceding the date of the credit report).	Credit approval based on credit score and history.
Loan Limit	Cost of attendance less financial aid. No aggregate limit.	Cost of attendance less financial aid. Limits can also depend on annual and aggregate maximums established by the lender. Aggregate limits may be affected by borrower's credit.
Interest Rate and Accrual	7.9%	Variable rate that varies by lender based upon credit score of borrower and co-borrower.
	Interest begins to accrue at the time the loan is disbursed. The accrued interest is capitalized at repayment.	Accrued interest may be capitalized as often as monthly and begins to accrue when the loan is disbursed.
Fees	The Direct Graduate PLUS Loan has a 4% origination fee. Because UC Berkeley is a Direct Lending School, Berkeley students are given a 1.5 % rebate of that fee with the requirement that the borrowers make their first twelve payments on time to the Direct Loan Servicer when the loans enter repayment. The 2.5% origination fee is subtracted from the loan prior to disbursement.	Varies by lender. Fees may be based on credit worthiness of borrower and/or co-borrower.
Eligibility	Must be enrolled at least half time and meet requirements to receive federal aid	Determined by lender.
Repayment	10-25 years depending on the repayment option and amount borrowed. Eligible for Income Based Repayment and Loan Forgiveness under the federal College Cost & Reduction Act & Berkeley Law's Loan Repayment Assistance Program.	Varies by lender. Repayment can range from 10-25 years based on lender and amount. These loans are <i>not</i> eligible for Income Based Repayment and Loan Forgiveness under the federal College Cost Reduction and Access Act nor will they be eligible for Berkeley Law's Loan Repayment Assistance Program beginning with members of the graduating class of 2013.
Grace Period	None; borrower will be given an in-school deferment. Repayment of loans begins 60 days after graduation but will be given General Forbearance to align with Direct Stafford Loan grace period.	Varies by lender; 6-9 months.
Deferment & Forbearance	Federal Economic Hardship and Unemployment deferments and General Forbearance available.	Varies by lender and can be limited.
Loan Consolidation	Eligible for federal loan consolidation. Interest rate for federal consolidation loans is based on the weighted average of the loans being considered, not to exceed 8.25%. No consolidation fees.	Varies by lender; however, the interest rates are variable and based on credit. Fees can apply to private consolidation loans.
Death/ Disability	Loan can be discharged upon death of the borrower or if the borrower becomes totally and permanently disabled.	Varies by lender.

*Borrowers who were denied a Grad PLUS loan due to adverse credit can apply with a co-signer or they can provide evidence that their credit history has been rehabilitated.