

PLUS vs. Private Loans Comparison – Options for Covering Your Balance

	Federal PARENT PLUS Loan	Private STUDENT Loan	Private PARENT Student Loan
Borrower	Parent – In parent’s name only. Loan cannot be transferred to student’s name at any time.	Student – Will likely require credit-worthy cosigner. Cosigner release option typically available after consecutive on-time payments.	Varies By Lender – Typically the parent, however, some lenders allow sponsors (do not require the borrower to be a parent or legal guardian).
Eligibility	Must be enrolled at least half time in a degree-seeking program	Varies by lender – some lenders allow less than half-time enrollment	Varies by lender – some lenders allow less than half-time enrollment
Credit Requirements	Credit check required. Parent or endorser must not have adverse credit history.	Credit check required. Approval is generally based on credit and income to debt ratio.	Credit check required. Approval is generally based on credit and income to debt ratio.
Interest Rates	6.28% Fixed Interest Rate (21-22 rate)	Fixed or Variable Options – will range depending on credit	Fixed or Variable Options – will range depending on credit
Disbursement Fees	4.228% Origination Fee (21-22)	Typically 0%	0%
Repayment Terms	10 – 25 years	Typically 5 – 15 years, depends on lender	Typically 5 – 15 years, depends on lender
Loan Consolidation	Can consolidate, may become eligible for income-contingent repayment.	Some lenders do offer private loan consolidation and may or may not be combined with federal loans	Some lenders do offer private loan consolidation and may or may not be combined with federal loans
Loan Forgiveness	Loan is forgiven in event of permanent disability or death of parent or student	Loan may be forgiven upon permanent disability or death of student – depends on lender	Loan may be forgiven upon permanent disability or death of student – depends on lender
Aggregate Amounts	None	Some lenders set limit that student can borrow throughout school career	Some lenders set limit that parent or sponsor can borrow throughout school career
Application Process	Apply at http://studentaid.gov	Visit www.elmselect.com for assistance in researching lenders. Will apply directly through lender.	Visit www.elmselect.com for assistance in researching lenders. Will apply directly through lender.