

## Grad PLUS vs. Private Loans

Here are some points to consider when choosing between the Federal Graduate PLUS and the Private Student Loan Programs:

	<b>Federal Graduate PLUS</b>	<b>Private Student Loans</b>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>8.5% fixed interest rate</li> </ul>	<ul style="list-style-type: none"> <li>Variable interest rates, which could exceed 8.50%</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>3.0% origination fee</li> <li>0-1.0% guarantor fee, depending on the guarantor (no guarantor fee through HESC)</li> </ul>	<ul style="list-style-type: none"> <li>While many private loans may have both origination and repayment fees others may have no fees at all</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Must meet eligibility for federal loans</li> <li>Must not have adverse credit which is defined as 90 days or more delinquent on any debt, or having a credit report that shows default, discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt during the five preceding years</li> </ul>	<ul style="list-style-type: none"> <li>Most lenders use a credit scoring system to determine eligibility which requires good credit</li> <li>Lenders do not disclose the exact method for determining eligibility</li> </ul>
<b>Limits</b>	<ul style="list-style-type: none"> <li>Annual aggregate limit of student expense budget minus all other aid</li> <li>Currently no lifetime aggregate</li> </ul>	<ul style="list-style-type: none"> <li>Most loans have an annual aggregate limit of student expense budget minus all other aid</li> <li>Lifetime aggregate limits currently range from \$150,000 to \$250,00 of total unpaid educational debt</li> </ul>
<b>Borrower Benefits</b>	<ul style="list-style-type: none"> <li>Same deferment, forbearance, and death and disability provisions as federal Stafford loans</li> </ul>	<ul style="list-style-type: none"> <li>Private loans have forbearance options at the discretion of the lender. There are no death and disability provisions</li> </ul>
<b>Borrower Incentives</b>	<ul style="list-style-type: none"> <li>Some lenders offer interest rate reductions, principal reductions, or other borrower benefits that may help reduce the cost of your loans</li> </ul>	<ul style="list-style-type: none"> <li>Some lenders offer interest rate reductions, principal reductions, or other borrower benefits that can reduce the cost of your loans</li> </ul>
<b>Grace Period</b>	<ul style="list-style-type: none"> <li>No grace period but some lenders may offer an optional forbearance</li> </ul>	<ul style="list-style-type: none"> <li>Many private student loans have grace periods, typically between 6 and 9 months</li> </ul>

- **This information is current as of 02/28/07 and is subject to change. NYU is not responsible for changes made by lenders or misprints. For more details and official terms and conditions please contact the specific lender.**