

Grad PLUS vs. Private Loans

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

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

- 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.