

PLUS, Alternative Loan, Home Equity Comparison

	Direct PLUS Loans	Private/Alternative Loans	Home Equity & Lines of Credit
Interest Rates & Fees	Fixed at 7.9%	Variable, usually Prime + or Libor +	Interest rates are typically higher than a PLUS loan, but lower than a Private Loan
	2.5% Origination Fee	Variable	Fees are typically lower than the Private loans, but higher than the PLUS loans.
		Based on credit score	
Repayment	60 days after the funds are fully disbursed	Varies. Typically after first disbursement.	Set time frame and amount
	10 years	10 - 25 years	
	Can defer payments while the student is in school & for a 6 month grace period after the student graduates or drops below full time.	Can defer payments while the student is in school & for a 6 month grace period after the student graduates or drops below full time.	Not available
	Parents can defer if they are enrolled at least half time	Not Available	Not available
	Multiple repayment plans	Several repayment plans	One repayment plan
	Interest will capitalize while in deferment	Interest will capitalize while in deferment	Deferment/Forebearance not available
Consolidation	Can consolidate with other PLUS loans, or the parents own Stafford loans.	Can not consolidate.	Can not consolidate.
	Can not be consolidated with student's stafford loans.		
	8.25% Interest rate		
Eligibility	Credit Check that determines whether the parent has an adverse credit history.	Based on credit score.	Based on Credit Score and the value of your home.
	Adverse credit history is defined as 90 or more days late on any debt or having any Title IV debt within the past 5 years subject to default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write off.		
	If parent is denied, student becomes eligible for more Stafford Unsubsidized loan eligibility.		
	Parent & Student must be a U.S. Citizen or eligible non citizen		
	Can not have a government judgment or lien on their property		
	Student is required to be registered with Selective Service		
Impact on Financial Aid Package	Factored	Factored	Not Factored
Income Tax Deduction	\$2,500	None	Must exceed \$50,000 at 5% interest
			Benefit of the mortgage interest deduction is limited by comparison with the standard deduction. You only benefit to the extent that the itemized deductions exceed the standard deduction. You may also be subject to other limitations.