

chatham UNIVERSITY

Federal PLUS Loan, Home Equity Loan, and Alternative Loan Comparison Chart

Feature	Federal PLUS Loan	Home Equity Loan	Alternative Loan
Borrower	Parent on behalf of the student	Homeowner	Student, with a credit-worthy co-signer
Eligibility	Parents of all income and asset levels, with dependent, undergraduate students, who are credit-worthy	Homeowners may apply for a Home Equity Loan	Enables student to share in the borrowing and develop a good credit history
Loan Payment and Terms	Typically, a shorter repayment term means less finance charges over the life of the loan	Monthly payments for 10 years are comparable to the PLUS loan may vary	Longer repayment term typically means smaller monthly loan payments, although finance charges over the life of the loan may be greater
Payment and Insurance	Federally guaranteed and are discharged in the event of total and permanent disability and death	Payment insurance is not available for home equity loans	Not federally insured and offers no discharge in the event of disability or death
Interest Rate and Rate Caps	Borrowers are eligible for a fixed interest rate	Interest rate is fixed when you apply	Competitive, variable interest rate
Approval Criteria	Based on the borrower's credit history and must pass an annual credit check	Approval is based on several factors including credit history, debt to income and equity in the home	Approval is based on credit history, and other factors
Applying for a Loan	PLUS Master Promissory Note is valid for 10 years, but a credit check is required each year	Must apply	Must re-apply each year and be credit approved
Payment Deferral Situations	PLUS offers unemployment and economic hardship deferments	No deferment during unemployment or economic hardships	Interest only, full deferments and unemployment and economic hardships are available, but depends on the lender
Payment Flexibility	Income sensitive, graduated and extended repayment options are available	Payment amount is fixed, but may vary with lender	Several repayment options available
Borrowing Limits	May borrow up to the cost of attendance less any other financial aid awarded	Limited to the amount of equity in applicant's home, debt to income ratio, and credit-worthiness	May borrow up to the cost of attendance less any other financial aid awarded
Prepayment Penalty	No prepayment penalty	Prepayment penalty may apply depending on the lender	No prepayment penalty