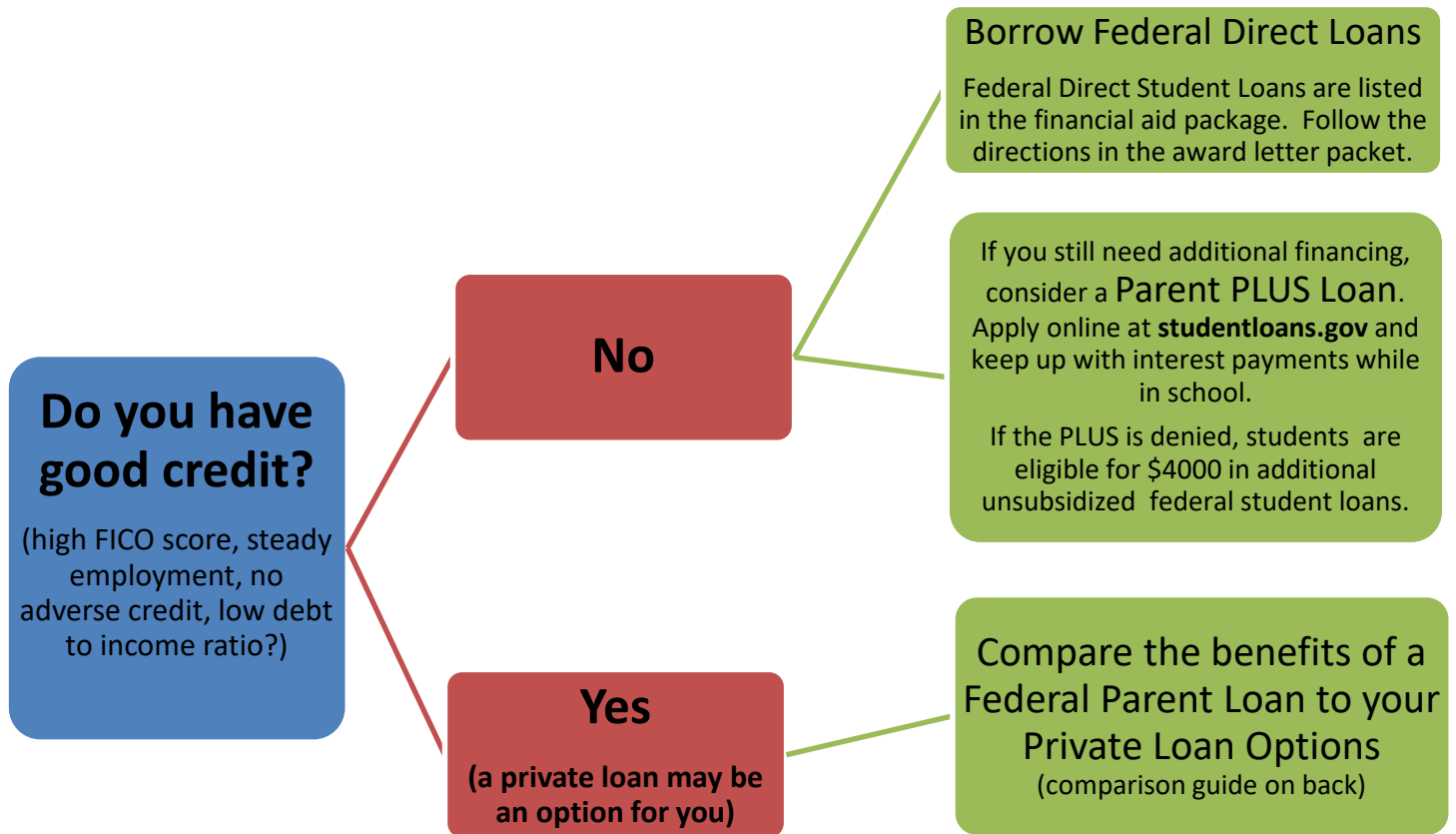




Should I Borrow Federal Loans or Private Loans?

This decision involves many factors and it is your responsibility to research your loan options and decide what is best for your family. For the student, **Federal Subsidized Loans** offer the best value because interest does not accrue while students are in school. For additional financing, **Parent PLUS Loans** or **Private Education Loans** may be considered. We hope that the following **flow chart** and **comparison guide (on the back)** will help guide you.

If you have any questions about your loan options, please feel free to contact the LBC Financial Aid Office at 717.560.8254 or financialaid@lbc.edu.



More tips to help you make a wise loan decision:

- Check your credit report at www.annualcreditreport.com and correct any errors.
- You may apply for more than one private loan within a 30 day period. Logon to www.elmselect.com for a list of lenders – research, compare and apply online.
- Compare the Private Loan rates and terms to the Federal Direct Loan Options.
- Consider:
 - a. Fixed or variable interest rate and fees
 - b. Total repayment cost
 - c. Forgiveness benefits
 - d. Discounts or interest rate reductions
- Use the calculators at www.finaid.org to compare the overall cost of each loan.

2019-20 Federal Direct PLUS Loans vs. Private Student Loans

	Federal Direct PLUS Loan	Private Student Loan
Borrower	<ul style="list-style-type: none"> • The parent is the borrower. The loan can never be transferred to another name. 	<ul style="list-style-type: none"> • Parent or student borrower options. The student will need a creditworthy co-signer for approval.
Interest Rate	<ul style="list-style-type: none"> • Fixed interest rate of 7.0% • Interest accrues from the date the loan is fully disbursed. 	<ul style="list-style-type: none"> • Variable or fixed interest rate. • Rates vary based on credit worthiness. • Interest accrues from the date the loan is disbursed.
Fees	<ul style="list-style-type: none"> • A 4.26% fee (through July 1, 2019) will be deducted from the loan proceeds prior to disbursement. 	<ul style="list-style-type: none"> • Most lenders offer 0% loan fees.
Credit Requirements	<ul style="list-style-type: none"> • Credit check is based on federal standards and does not include credit scoring or debt to income ratios. • For undergraduate students, if the parent does not pass the credit check, the student can be offered more Direct Unsub Loan. 	<ul style="list-style-type: none"> • Terms vary by lender, most of whom use credit scores or debt to income ratios to determine creditworthiness, interest rates and fees.
Loan Limits	<ul style="list-style-type: none"> • Can borrow up to the cost of attendance less other aid. 	<ul style="list-style-type: none"> • Can borrow up to the cost of attendance less other aid.
Cancellation	<ul style="list-style-type: none"> • Although Direct PLUS Loans must be paid in full, there are a few situations in which the loan may be discharged (ex. permanent and total disability, your death, or the death of the dependent student.) 	<ul style="list-style-type: none"> • Some Private loans are not insured against death or disability. • Insurance may be available to borrowers. • Check with lender for details.
Repayment Terms	<ul style="list-style-type: none"> • Repayment can be deferred at the request of the borrower if the student is enrolled at least half time. If deferment is not requested, repayment will begin within 60 days after final disbursement. • Generally, repayment terms are 10 - 15 years and there are no pre-payment penalties. 	<ul style="list-style-type: none"> • Repayment varies by lender. Most loans are deferred until six months after a student ceases to be enrolled at least half time. • Students may select from several repayment plans and most lenders allow prepayment and early payoff without penalty.
Deferment/Forbearance	<ul style="list-style-type: none"> • Various deferment or forbearance options are available. 	<ul style="list-style-type: none"> • Options vary widely and are generally less flexible than Direct PLUS loan deferments.
Consolidation	<ul style="list-style-type: none"> • Direct PLUS Loans may be consolidated at a fixed interest rate. • See www.loanconsolidation.ed.gov 	<ul style="list-style-type: none"> • There are refinance or consolidation loans available. • www.elmselect.com for details.
How To Apply	<ul style="list-style-type: none"> • Apply for a Direct PLUS Loan at https://studentloans.gov • Use parent FSA ID to Sign in • Complete the PLUS Request Process 	<ul style="list-style-type: none"> • Visit www.lbc.edu for more information • www.elmselect.com to compare private loans and apply online

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