### PLUS Loans and Private Loans: Choosing the Best Loan Option For You

When it comes to education loans, Parent PLUS Loans and private student loans are often the primary choices for last-dollar financing of a college education. Private loans are also referred to as alternative loans. Families often ask, “Which is better - a PLUS Loan or a private loan?” The best way to answer that question is to understand how PLUS Loans and private loans are different from each other.

#### PLUS LOANS

- Parent PLUS Loans are **federal education loans**.
- The Interest rate for Federal Parent PLUS Loans is a fixed interest rate of 8.5% for loans disbursed on or after July 1, 2006.
- Accrued interest is capitalized once at repayment.
- Loans are made to one of the student’s parents.
- Parent may borrow up to the cost of education less other aid the student is receiving.
- Credit requirements are based on federal standards specific to the PLUS Loan programs which define “adverse credit.” There is no review of debt-to-income ratio or use of other traditional credit underwriting analysis.
- PLUS Loans can be cancelled or discharged with the death of the parent borrower or the student. PLUS Loans can also be cancelled with the total and permanent disability (as defined by the Department of Education) of the parent borrower who is borrowing on behalf of their dependent undergraduate student.
- PLUS Loans can be consolidated under the Federal Consolidation Loan program.
- PLUS Loans can be used to finance dependent undergraduate education only - “dependent”meaning the student is defined as dependent for financial aid purposes.
- **Some lenders offer postponement of repayment of PLUS Loans while the student is enrolled at least half-time.** See bottom of page for further details.
- No collateral is required.
- Repayment of a PLUS Loan begins 30 to 60 days after the loan is fully disbursed for the academic year, unless arrangements are made to postpone repayment.
- Maximum repayment term is 10 years (may be longer under consolidation).

#### PRIVATE LOANS

- Private education loans are consumer loans, and are not federally backed like PLUS loans.
- **Interest rates are variable with no defined cap or maximum (other than what is governed by state law).**
- Interest rates may vary monthly, quarterly, or annually. Accrued interest may be capitalized as frequently as monthly.
- Loans are made to the student, and the lender may require a co-borrower who is also jointly, legally responsible for the outstanding debt.
- May borrow up to the cost of education less other financial aid.
- Most providers of private loans do a full credit review, including credit history, credit score, debt-to-income ratio, etc.
- Private loans are generally not insured for death or disability.
- Deferment, forbearance, and consolidation options vary widely among private loans, and are offered at the lender’s discretion. Deferral is generally available during the in-school period.
- Private loans are not eligible to be consolidated under the Federal Consolidation Loan program because private loans are not federal loans.
- Private loans are available for undergraduate, graduate, and less than half-time students.
- No collateral is required.
- Payment terms vary beginning up to six months after graduation.
- Maximum repayment term varies; some providers allow up to 20 years.

### Parents Can Delay Repayment On A PLUS Loan

Many lenders allow postponement of repayment of a Parent PLUS Loan by way of a forbearance. A forbearance is a temporary suspension of repayment of a PLUS Loan. During a period of forbearance, interest will continue to accrue unless interest payments are made.

This type of PLUS Loan forbearance must be requested annually and can be requested for only one year at a time. The preferred lenders at The Cleveland Institute of Art allow forbearance requests for up to six years, as long as the student remains enrolled at least half-time. (If you choose a lender outside of the CIA preferred lender group, please check with that lender for their policy regarding forbearance.)

A parent who is otherwise eligible for a deferment could also use this option to delay repayment of a PLUS Loan (e.g., if the parent becomes a student who is enrolled at least half-time in a degree program).

### A More Manageable Way to Help Pay for College

A PLUS Loan is a cost-effective solution for parents to finance college that will help keep their students debt burden as manageable as possible. Discussing loan options, planning ahead, and open communication about loan debt between parent(s) and student are keys to successfully financing a college education.
The Cleveland Institute of Art

Two Recommended Private/Alternative Loans

The first recommended private loan program of The Cleveland Institute of Art is the Signature Student Loan offered by Sallie Mae and its lender partners. When you choose the same recommended lender at CIA for your Stafford Loan and your Signature Student Loan, you will benefit from convenient combined billing and servicing by Sallie Mae.

Visit The Cleveland Institute of Art Financial Aid website at www.cia.edu/financialaid for more information about private alternative student loans and recommended lenders.

Signature Student Loans

Quick Turnaround Time For Students Applying Online

Students have a choice of recommended lenders at The Cleveland Institute of Art. Recommended Lenders are set up for online application and electronic processing, so the processing time is minimized.

Co-borrower Options

A student can apply on their own, or with a co-borrower. If the student does not have an established credit history, applying with a co-borrower can help. Interest rates and fees are based on the credit history of the student or the co-borrower.

How To Apply For A Signature Student Loan At The Cleveland Institute of Art

1. Apply online for immediate approval at www.opennet.salliemae.com. The student will have the option to eSign the promissory note or print a paper copy, sign, and return. E-Signing the promissory note will speed up the delivery of loan funds to CIA.
2. Apply by phone toll free at 800-695-3317.

For full details and additional information about the Sallie Mae Signature Student Loan visit: www.salliemae.com/signature.

### Signature Student Loan with only one credit approved borrower

<table>
<thead>
<tr>
<th>Credit</th>
<th>Disbursement Fee</th>
<th>Repayment Fee</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super</td>
<td>0%</td>
<td>0%</td>
<td>Prime - 1</td>
</tr>
<tr>
<td>Excellent</td>
<td>0%</td>
<td>0%</td>
<td>Prime + 0.5%</td>
</tr>
<tr>
<td>Good</td>
<td>0%</td>
<td>0%</td>
<td>Prime + 1.75%</td>
</tr>
<tr>
<td>Fair</td>
<td>3%</td>
<td>3%</td>
<td>Prime + 2.5%</td>
</tr>
</tbody>
</table>

### Even lower pricing when BOTH student borrower and co-borrower are credit approved:

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<td>0%</td>
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<td>Prime + 0.25%</td>
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</tr>
<tr>
<td>Fair</td>
<td>0%</td>
<td>0%</td>
<td>Prime + 1.75%</td>
</tr>
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Nellie Mae EXCEL Loan

The second recommended private loan that offers combined billing with your Sallie Mae Stafford Loans is the Nellie Mae EXCEL Loan. To apply for the EXCEL Loan go to www.nelliemae.com/loancenter/index.html or call 800-367-8848.

### Interest Rate Options

<table>
<thead>
<tr>
<th>Monthly Variable: Prime Rate + 1.25%</th>
<th>Disbursement Fee</th>
<th>Repayment Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% with a co-borrower</td>
<td>2% if student defers principal and interest while in school</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Variable: Prime Rate + 2.50%</th>
<th>Disbursement Fee</th>
<th>Repayment Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% without a co-borrower</td>
<td>0% if student makes payments of principal and/or interest while in school</td>
<td></td>
</tr>
</tbody>
</table>

Other Private/Alternative Loan Options

**Edamerica Private Loan**

Lender: Edamerica  
Telephone: 866-398-7726  
Website: www.edamericaprivateloan.com  
Note: This loan can be used for less than half-time enrollment and does not require certification by the Financial Aid Office.

**CitiAssist Alternative Loan**

Lender: Citibank  
Telephone: 800-967-2400  
Website: www.studentloan.com  
Note: This loan can be used for less than half-time enrollment

**Sallie Mae Tuition Answer Loan**

Lender: Sallie Mae  
Telephone: 800-749-9100  
Website: www.tuitionanswer.com  
Note: This loan can be used for less than half-time enrollment and does not require certification by the Financial Aid Office.