

Private vs. Federal Direct PLUS Loans

Private student loans are different than Federal Direct PLUS Loans for parents, graduates and professional students. For private loans, usually, the student is the borrower and will need a creditworthy co-signer such as a parent. Federal Direct PLUS Loans are in the parent's name(s) or the graduate/professional student's name.

Use this comparison chart to compare your own student loan options.

	Lenders in the Maine Private Education Network	Maine Loan	Federal Direct (Parent/ Grad) PLUS
Origination or Loan Fee	Various, 0 – 4%	0%	4.228% (Loans after 10/1/20)
Fixed Rate	No	Yes 6.24% Fixed Immediate Repayment 7.24% Fixed Interest Only Payments during school 7.99% Fixed Full Deferment during school	Yes 8.05% Fixed (7/1/23 - 06/30/24) <i>This is updated on July 1, each year.</i>
Variable Rate	All, based on FICO score	No	No
Repayment Options	Immediate, Interest Only, Full Deferment	Immediate, Interest Only, Full Deferment	Immediate, Full Deferment
Term	Up to 15 years	10 year for Immediate, 15 year for other repayment options	10 year – Standard Repayment Plan
Customer Service	Originated by local Maine-lender	Finance Authority of Maine (FAME)	Federal Loan service provider
Loyalty Discounts	No	No	No
Automatic Payment Discounts	Yes, some lenders	Yes*	No
Loan Resale	No	No	No
Application Fee	No	No	No
Disbursement Fee	No	No	No
Prepayment Penalty	No	No	No

*An interest rate reduction of 0.25% is available to borrowers. To qualify, borrowers need to arrange with the loan servicer to have their payments automatically withdrawn from a checking or savings account. This interest rate reduction will remain on the account unless the loans are in a status which does not require payments, or automatic deduction is revoked by the borrower or suspended by the loan servicer according to the insufficient funds policy in effect when the agreement is signed.