

Bar Study Loans

Bar Study Loans offered by private lenders are available to students who are in their final year of law school. These loans can be used for Bar Prep classes, living expenses while studying for the Bar and other Bar related expenses.

To locate lenders that offer Bar Study Loans you can use the internet. Search websites such as www.finaid.org/loans/privatestudentloans.phtml. This site lists private loan lenders and the types of loans offered. It also provides a basic comparison chart that highlights the key characteristics of the loans. We recommend that you review many loan lenders and research their policies and loan terms to decide which lender is best for you.

Listed below are things to consider when selecting a lender:

Interest Rates and Fees

Many education loans involve fees. These fees are usually presented as a percentage of the requested loan amount. Fees are usually added to the amount you requested to borrow - but sometimes they are deducted from loan proceeds. You should consult your selected lender and read your promissory note carefully to determine the type of fee (if any) associated with your loan.

Some loans are more credit-sensitive than others. Alternative loans have specific qualifications and may have higher rates and fees for borrowers with less than perfect credit.

When shopping for an alternative loan, be aware that the advertised interest rate may be introductory or limited to highly qualified borrowers. The rate that you are offered may be considerably higher depending on your creditworthiness.

Repayment and Deferment

Deferment is an important principle in student loans. Since in many cases students do not have any income, lenders are often willing to allow deferment of payments while the borrower is enrolled in school at least half-time. During this time, interest may accrue, but the student does not need to make any monthly payments. Some loans will allow you to pay the accruing interest during this time; these are called interest-only payments.

Deferment usually lasts from the time the money is taken until graduation, plus some additional number of months, called a "grace period." (This is typically 6 to 12 months.) This will vary from lender to lender, and product to product, so check each loan for details.

Borrower Benefits

Borrower benefits can significantly alter the cost of your loan. Make sure you research the fine print on a lender's borrower benefits and keep up your end of the bargain.

Some borrower benefits can be lost if:

- * You fail to continuously pay on time and/or discontinue use of auto debit for your monthly payment

- * Your loan is sold to another lender

Additionally, if you fail to keep meeting the requirements you may owe your lender the amount you have saved.

Questions to Ask Prospective Lenders:

- * What is the application process?
- * What is the approximate time it takes to obtain a decision for loan approval?
- * Who is eligible to borrow the loan? Is a co-signer required?
- * Is there an option to release the co-signer at a later date?
- * What are the credit criteria for loan approval?
- * What is the minimum and maximum loan amount per year?
- * What web-based services do you provide?
- * Are there minimum enrollment requirements?
- * Is the interest rate fixed or variable? If variable, how frequently can the rate change?
- * Does the interest rate have a cap?
- * Is the rate offered for a limited time only? For example, is it an introductory rate? What happens after the initial rate ends?
- * Does the interest rate change when I enter repayment?
- * What fees are applied to the loan and when and how are they applied?
- * What is the Annual Percentage Rate (APR)?
- * How often is loan interest capitalized?
- * When does repayment begin?
- * Is the interest and/or principal deferred while I am in school?
- * What are the terms and conditions for hardship deferments/forbearance?
- * What is the maximum length of time for which I can receive my deferment?
- * What are the repayment options and are there any repayment benefits?
- * What is the definition of an "on-time" payment?
- * Is there a penalty for early repayment?
- * Is there a grace period after graduation?
- * What borrower incentives or discounts are offered?
- * How do I qualify for borrower incentives?
- * Will I keep my benefits if my loan is sold?
- * Under what circumstances can my benefits be lost?

- * Is there an online interface to my account information?
- * Does the lender provide toll-free customer service 24 hours a day, 7 days a week?
- * Does the lender sell their student loans to a secondary lender market?
- * If my loan is sold, when will it occur and how will I be notified?

Helpful Hints:

- * Take your time and compare multiple lenders and loan programs. Remember, the decision you make will affect you for the life of your loan.
 - * Generally, a co-signer with good credit can help you secure a lower interest loan with no or low fees.
 - * Keep a copy of your loan application and other related documentation for your own records.
 - * When speaking to lenders on the phone, always get the name of the person you are talking to. Once you decide on a loan, keep records of the address, phone number, and fax number of the lender so you can easily contact the lender if you have additional questions or need assistance.
 - * Check the status of your loan request by calling your lender's borrower services department. Be sure you have supplied all required documents.