Bar-study Loans

What You Need to Know

- There is no federal loan for bar-study, no FAFSA is required.
- These are 'private' loans from lenders, mostly banks. The lender will determine the terms of the loan, the deadlines to apply for the loan, and the maximum loan amount.
- The loan will have a *variable* interest rate (no cap), tied to an economic index (U.S. prime rate or London LIBOR rate), the rate will be adjusted monthly, or quarterly.
- The lender will determine YOUR interest rate after a review of your credit history, and your *credit score*, and possibly on your overall debt at this point in time.
- Some lenders permit a co-signer for loan approval, others do not. A co-signer may help lower your interest rate on the loan.

Research, Budget, and Prepare - Before You Apply

- **Select a lender**: preferably one you bank with, call their 800 number with any questions.
- **Budget**: Calculate your current monthly expenses. Can you reduce these temporarily? Do you have other resources you could use before a loan, or instead of a loan? Can family help?
- **How much to borrow**? Do not borrow more than you need, but round up the amount somewhat – for a contingency fund. If you do not borrow the maximum allowed by the lender, find out the deadline to submit an additional application.
- **Be prepared**: Most loan applications will require your SSN, phone numbers, a permanent address, and 2-3 references with addresses and phone number. You will also need to furnish the amount you want to borrow, and potential disbursement date(s) when you will need these funds.
- **Plan your disbursements**: Each lender will have a maximum number of disbursements. Calculate when you will need funds, and how much. You need *'just enough' to arrive 'just in time'* to keep your bills paid. Planning ahead will minimize the accrued interest and your loan debt.
- The loan disbursement(s) will come directly to you, in the amount you request, on the date(s) you specify. Be prepared to provide these dates, and amounts to the lender.
- There are new *Private Loan Disclosure* requirements. Acceptance of these Disclosure Statements will be an additional step in the application process. Loans will not be disbursed for up to 10 business days to allow time for the acceptance by the borrower, and to permit time for the borrower to rescind the loan.

Keep Good Records

Bar-study loans will not be found on the National Student Loan Data System. You need to keep track. Review your credit and take steps to maintain a good credit history.

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