



DePaul University Office of Financial Aid

BAR Loan: Frequently Asked Questions

What is a Bar Loan?

One of the most trying periods for law students is the period between graduation and the bar exam. Most students do not work during this period, and the lack of income makes it very difficult to pay for rent, utilities, food, etc. Once a student has graduated, he/she no longer qualifies for federal student loans or alternative student loans, since these loan types require current enrollment in a degree-seeking program. A bar loan is a loan from a private lending agency that students may use to pay for living expenses and bar preparation courses during the period between graduation and the bar exam. A bar loan does not impact any other financial aid.

Bar loans are available to law students who have recently graduated or will soon graduate from an ABA-accredited law school. Students must have a good credit history or a creditworthy co-signer. Bar loans are based on credit history and ONLY the lender has discretion on approval on loan. Most bar loan programs have similar requirements and limits; they differ mainly in fees and repayment options. Research each loan and see which one fits your criteria. Bar loans are not eligible for federal consolidation with Stafford and/or Graduate Plus loans.

Which loan providers offer Bar loans?

Many educational lenders provide BAR loans. We also suggest that you visit The Smart Student Guide to Financial Aid <http://www.finaid.org/loans/privatestudentloans.phtml> website, which offers tools you need to navigate the many aspects of private loan products.

How do I apply for a Bar Loan?

To apply for a Bar Loan, simply contact a private lender via its phone number or web site. Companies often offer online or phone loan credit approval. Once the credit decision has been made, your lender will usually require that you complete a promissory note before the funds can be delivered to you. Your lender will provide specific information about its promissory note process and any additional paperwork needed before your disbursement(s) can occur.

When can I apply for the loan?

Most lenders will require that you are either graduating from a law school within the school year, or that you graduated within the past six months. Your lender will provide specific information about its allowed application timeframes.

What questions do I need to ask?

As the loan rates and terms vary by company, you will want to be very sure about these. You should ask:

- What is the interest rate? Will the rate be variable or fixed? How often will the interest be capitalized?
- Will any fees be charged?
- How long of a grace period is offered before repayment? When will the grace period start?
- What is the maximum loan amount allowed?
- What repayment options are available? Are there repayment incentives? Is there a penalty for early repayment?

What is the maximum amount allowed?

The maximum amount a company is willing to lend will vary among loan providers. Typical amounts range from \$8,000 to \$15,000.

How will the funds be delivered to me?

Unlike federal loans, or other types of private loans, bar loans are **NOT** electronically transmitted to the university. In most cases, the lender sends a check directly to you. In some cases, an Electronic Fund Transfer (EFT) option may be available. You will need to discuss your bar loan disbursement options with your lender. DePaul, as your educational institution, will "certify" your bar loan, meaning that we will verify your status as a law student and confirm your anticipated graduation date. The method of disbursement will be determined by you and your lender. Remember to keep your contact information current with your lender, especially if you are changing your address after graduation.

What if I have additional questions about the bar loan?

If you have any additional questions about the Bar Loan, please contact Joe Maratto at (312)362-6414 or by e-mail at jmaratto@depaul.edu.