LAW SCHOOL LOANS
Lender Code: 834241
America's Top Law School Lender

Volume I, Issue 2
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NEWSLETTER

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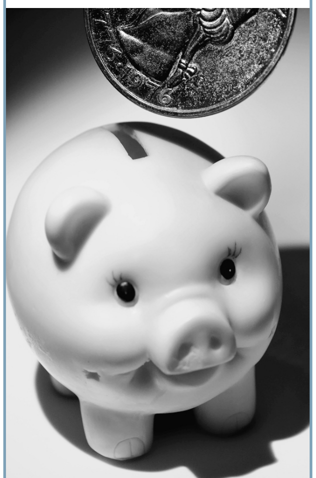

Law School Loans

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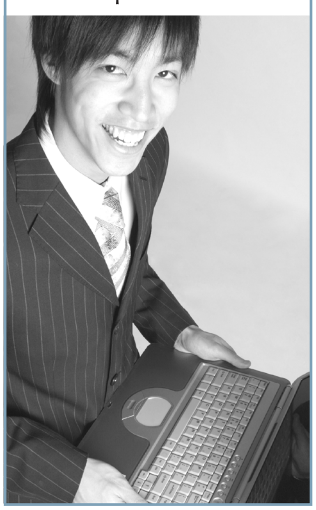

STEER CLEAR OF THESE 4 CAR-BUYING CONS - DAYANA YOCHIM

You can do all the research in the world to find your dream ride. But it's not just the asking price that's on the line. A few missteps at the dealership, and you could watch your credit score and consumer rights get totaled.
Here are some all-too-common scams that trap everyone from gearheads to grandmas while shopping for a car:

Credit score shenanigans. You've checked your pristine credit record (for free) and are ready to line up some sweet, low-interest financing. But when the dealer checks with the credit bureau, they report that your score is not good enough to qualify for the better financing deals. You know better, because you already checked your score before loan shopping. FYI: It is illegal — i-l-l-e-g-a-l — for a car dealer to lie about your credit score.

Tip: Go in knowing where you stand in the eyes of the lending industry, and report a dealer who fabricates a false score to your state's attorney general's office.

Legitimate credit problems can arise if there are excessive inquiries into your credit rating. Too many hits can lower your credit score. Tip: Tell salespeople that you do not authorize them to run a credit check (they need your written consent to do so) — especially if you have already arranged financing elsewhere, plan to pay cash, or are just going for a test drive.

Dud deals. Those $0 down, 0% interest, and zero payments for one year deals sure sound generous. But the fact is that many dealers aren't that big-hearted when it comes to auto financing. You might be hit with all the monthly payments — plus retroactive interest — once the year is up, or be contractually forced to refinance the balance of the loan at a higher interest rate.

What about the dealer whose ad says, "We'll Pay Off Your Loan!" Don't kiss your old car debt or lease goodbye just yet. More than likely what the dealer means is that they'll roll the amount owed on your old vehicle into your new loan.

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FEDERAL STUDENT LOANS VS. PRIVATE STUDENT LOANS

These days, there are very few students who can afford to pay for college without some form of education financing. Two-thirds of undergraduate students have some debt, and 88% of law students need to borrow to finance their education. Law school students may graduate with an average of $80,000 in student loans. Typically, law school students have acquired both federal and private debt, but what are the differences between these types of loans? And is one better than the other? Read on for an explanation of both categories of student loans.

Many students rely on federal student loans to help finance their education. The most common federal loan is a Stafford Loan. These may be issued directly from the government to the student, or they may be issued by a private lender, such as a bank or credit union, belonging to the Federal Family Education Loan Program (FFELP). Either way, these loans are guaranteed against default by the federal government.

Something else to remember about Stafford Loans is they may be subsidized or unsubsidized. If you are eligible for a subsidized Stafford Loan, the government will pay the interest while you are in school. Subsidized Stafford Loans are generally given to students who can demonstrate financial need. If you receive an unsubsidized Stafford Loan, you will be responsible for paying all of the interest, although you may have the payments deferred until after graduation. If you choose to defer paying the interest until after graduation, the interest will be capitalized, or added to the loan amount. To qualify for an unsubsidized Stafford Loan, you do not need to demonstrate financial need.

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Although the market for student loan services is extremely broad, our company has chosen to focus on one elite niche: We cater to the particular needs of law students and graduates. On average, a juris doctorate student will have around $100,000 in student loans by the time he or she graduates - a much larger amount than many other kinds of graduate students. A J.D. will also often have questions that only someone with a legal background would think to ask. Established and run by attorneys, Law School Loans is prepared to fulfill the needs of law school graduates at every level. We invite you to visit us at www.LawSchoolLoans.com.

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Federal Student Loans vs. Private countinued from page 1

The amount of your Stafford Loan will vary depending on your year in school. However, graduate students may borrow up to $18,500 each year (with $8,500 being subsidized) with a combined limit for graduate and undergraduate federal loans of $65,500 for dependent students. If you are an independent student, the cumulative limit you may borrow is $138,500 for your graduate and undergraduate studies.

Stafford Loans have variable interest rates, based on the 91-day T-bill, and this interest rate is adjusted each year on July 1. Stafford Loans have an interest rate cap of 8.25%. All lenders offer the same base rate for Stafford loans because the interest rate is pre-determined by the government, although many lenders offer payment incentives and/or discounts to help you reduce your interest rate further. Another benefit of federal loans is you may lock in a fixed interest rate if you choose to consolidate your federal student loans. That way, you will not be affected by adjustments in the interest rate each year.

Students who use Stafford Loans to finance their education will also enjoy a six-month grace period before they begin repaying their loans. The grace period starts upon graduation or any time the student's enrollment status drops to below half-time. During this grace period, no payments for interest or principal are required. Additionally, in times of financial difficulty, students may be able to defer their payments or apply for a period of forbearance until their situation improves. Federal loans generally qualify for up to two years of forbearance over the life of the loan.

Private student loans have many differences from federal student loans. However, if used properly, they may also be effective tools for education funding. Private education loans are issued by lenders such as banks and credit unions. They are regulated by the federal government, but there are no guarantees against default.

The main difference between federal loans and private loans is that private loans are credit-based. This means that your eligibility is determined by your credit rating. Requirements do vary by lender, but most private lenders will allow you to use a cosigner, or co-borrower, to qualify for a private loan. Furthermore, private lenders may require proof of income from the student or a cosigner before the student is approved for a loan.

The amount you may receive from a private lender also varies. Oftentimes, the loan amount is based on an amount set by your school. However, some private lenders set their own limits and allow students to use the funds for whatever financial needs the student may have. This includes housing, transportation, purchasing a computer, tuition, etc.

Another difference between federal and private student loans is in interest rates. Generally, private loans will have a higher interest rate than federal loans, and the interest rate for private loans will always be variable, even after consolidation. Also, the student's (or cosigner's) credit score may have an effect on the interest rate. Many private lenders start at a prime interest rate and then add a margin depending on the credit score. If the borrower does not have good credit, the interest rate will be higher.

Repayment plans also differ by lender for private loans. However, private lenders may not offer benefits such as forbearance or deferment in times of financial hardship. They also may not offer a grace period, and some private lenders require that the interest payments be made while the student is in school, although most lenders have repayment options to allow deferment of the principal until the student graduates. Also, like federal loans, the repayment term is often 10 or more years for private education loans.

If you are a student, plan to become a student, or are a parent of a student, it is important for you to understand your education-funding options. Private and federal loans may be effectively used in combination to fill in the financial gaps. Regardless of the type of loan you use, remember that it is not free money and it must be repaid. Choose your lender carefully, and weigh your options. After all, you will likely be repaying your education loans for many years to come.

Steer clear of these 4 car countinued from page 1

Tip: Watch out for early-termination fees. And if you are in over your head — meaning you owe more than your car is worth — forget about arranging a trade-in.

Broken payoff promises: Another scam related to the trade-in is one where the dealer conveniently forgets to pay off your lender, even though they've already rolled the amount you owe into your new car loan. You don't know that you're behind on your payments until you get a call from the bank that handled your loan. Without proof that the dealer was obligated to pay off the loan for you, you're out of luck.

Tip: According to CarBuyingTips.com, the best way to avoid this scam is to get your title from the bank by paying off the car loan yourself and then use the proceeds to finance your new car purchase.

Not-so-fine print. Thousands of dollars and years of driving pleasure are on the line — and in the fine print. Look for the "mandatory extended warranty" that the finance manager says the bank requires. In some states it's illegal.

Tip: *Consumer Reports* recommends against buying an extended warranty unless the car has a reputation as a clunker. Scour the bill of sale for "protection

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package" fees and "dealer prep" charges, which are usually unneeded. Rustproofing and fabric protection are usually done at the manufacturer, so no need to pay extra for redundant work. And finally, don't buy from any dealer who requires you to sign a mandatory arbitration clause. Your John Hancock on that clause removes your right of redress should a serious problem cut you off at a merge. (Sorry, couldn't resist one last driving metaphor.)

Cruise these links for more car tips:

top 10 car dealer scamsof 2006
Fool Car Buying Tips
Car-Buying Calculators

Get answers to your car questions on our Buying and Maintaining a Car discussion board.