

Guide to **Private Student Loans**

In the wake of the 2025 *One Big Beautiful Bill Act*, the landscape of legal education financing has entered a new era – one marked by decreasing loan options with the elimination of Grad PLUS Loans, and new Unsubsidized loan borrowing limits for professional/law students starting after July 1, 2026 of **\$50,000** per year and **\$200,000** total.

These limits will leave many students facing additional gaps in their educational funding. As a result, an increasing number of future law students may find themselves considering private student loans to bridge the difference between the cost of their legal education and the limits of federal assistance.

This evolving financial environment makes it more important than ever to understand the nuances of private student loans: how they work, how they differ from federal options, and what to consider before committing.

This brief guide is for law students who have exhausted their federal loan options and are exploring private student loans. It explains what private loans are and how they differ from federal loans, and offers points to consider when applying, qualifying, comparing lenders, and deciding if a private loan is the right choice.

To discuss the specifics of your borrowing strategy with an Accredited Financial Counselor®, schedule a free coaching call using [AccessConnex by AccessLexSM](#).

Important: Private loans should be considered only after you've used all free aid (scholarships/grants) opportunities and available federal loans. Federal loans offer benefits (like income-driven repayment (IDR) and forgiveness) that private loans don't, so it is generally recommended to use federal aid first. If you need more funds, you may be able to appeal for additional federal aid before turning to private loans by contacting your Financial Aid Office. Additionally, there may still be **state nonprofit lender options available**, which can provide competitive rates and unique benefits. It is important to familiarize yourself with the options offered by your state as part of your research into borrowing strategies.

For the purposes of this guide, it is assumed that Grad PLUS Loans are not available to the reader.

What Are Private Student Loans?

Private student loans are education loans offered by private lenders (banks, credit unions, online financial companies) to help pay for school when other funds aren't enough. They can be used to fill the gap between your law school's cost of attendance and what you've already received from federal aid or personal resources. Unlike federal loans, private loans are credit-based – approval and interest rates depend on your credit history, or a co-signer's credit, rather than financial need. Private loans may have fixed or variable interest rates and terms that vary by lender, and they generally lack the flexible benefits and protections of federal loans.

Key Differences: Private vs. Federal Loans

Category	Federal Unsubsidized Direct Loans	Private Student Loans
Source and Interest	Funded by the U.S. government with fixed interest rates set by law.	Funded by private lenders with rates that can be fixed or variable.
Benefits and Protections	Limited forbearance and loan forgiveness programs available for eligible loans (e.g., Public Service Loan Forgiveness (PSLF) and time-based forgiveness on income-driven repayment (IDR) plans). Discharge due to death or disability is a standard feature.	Generally do not offer IDR payments or forgiveness and have more limited relief options if you face financial hardship. Discharge due to death or disability varies by lender.
Credit and Co-Signers	Do not require a credit score for students, making them accessible to most borrowers.	Require a credit check – a good credit score or a creditworthy co-signer is typically needed to qualify and to get a low rate. Many students will need a co-signer (often a parent).
Fees	Charge origination fees of ~1.06%. No penalty fees for pre-payments and additional payments on principal.	Most private lenders do not charge origination fees or pre-payment penalties. Always compare the Annual Percentage Rate (APR) , which reflects both the interest rate and any fees.
Borrowing Limits	Annual: \$50,000 (pro-rated for part-time students) Aggregate: \$200,000 Lifetime (including undergraduate borrowing): \$257,500 Limits may be reduced by prior borrowing.	Generally allow borrowing up to 100% of the school-certified cost of attendance (often with a minimum loan like \$1,000).
Repayment Flexibility	Income-driven repayment option(s) can base payments on annually-reported income. Let you postpone payments until after school (and offer a grace period).	Typically allow deferred payment while in school, but many offer options to pay sooner (like interest-only or small fixed payments during school) to reduce total cost. Unlike federal loans, private loans don't offer income-driven repayment or time-based forgiveness, so you'll be expected to repay in full over a set term (often 5-15 years).

How to Apply for a Private Student Loan

Applying for a private loan is typically done online, where you select a lender and complete an application on their website. Both you and your co-signer (if you have one) will need to provide personal information such as your Social Security number, income or credit details, and school information. The lender will perform a credit check and quickly let you know if you are approved and the interest rate for which you qualify. Many lenders give an instant or same-day credit decision after you apply, sometimes in as little as 10 minutes online. Many lenders offer a “pre-qualification” or rate check with a soft credit inquiry, so you can see estimated rates without affecting your credit score.

Application Tips:

- **Timing:** You can apply for a private loan at any time (there’s no federal deadline). However, apply at least a few weeks before your tuition payment is due since the lender will need time to process the loan and send funds to your school. You may cancel a private education loan, without penalty, until midnight of the third business day following the date on which you receive the loan’s required disclosures. No funds will be disbursed until this three-business day period has expired.
- **School Certification:** After approval, most lenders require your school’s Financial Aid Office to certify the loan amount (to ensure you’re not borrowing above your cost of attendance). Then the funds are disbursed directly to the school. Any extra, after tuition and fees are deducted, will be refunded to you for your living expenses. Your lender will also likely want to confirm that you are enrolled at least half-time in your program.
- **Documentation:** Be ready to provide or upload documents like proof of income or employment (for co-signer) and identification. Having a co-signer apply with you from the start can speed up the process.
- **Loan Terms:** Before accepting, carefully review the interest rate (fixed or variable), fees (if any), repayment term (how long to repay), and any borrower benefits or discounts. This is a binding loan contract, so make sure you understand when repayment begins and how much the estimated monthly payments will be in repayment.

Qualification: Credit and Co-Signers

Qualifying for a private student loan depends on creditworthiness. Lenders will look at your credit score, credit history, income, and debt-to-income ratio. Since many law students have a limited credit history or income, a co-signer is often recommended to improve approval chances. A co-signer is usually a parent or another adult with good credit who agrees to share responsibility for the loan – they are equally on the hook for repayment.

What to know about credit and co-signers:

- **Credit Score:** A higher credit score will get you a lower interest rate. Many lenders require a minimum credit score (e.g., in the mid-600s) for either the student or the co-signer. If your score is low or you have no credit, a co-signer with strong credit is almost a necessity to qualify for a decent rate.
- **Co-Signer's Role:** A co-signer is not just a reference – this person is legally obligated to repay the loan if you don't. Missed payments will affect both the borrower's and co-signer's credit. Because of this, co-signers should be chosen carefully, and both parties need to communicate expectations about who will make payments.
- **Co-Signer Release:** Many private lenders offer a co-signer release option. This means after the student borrower makes a series of on-time payments (typically 12 to 36 months, depending on the lender) and meets certain credit requirements, the co-signer can be removed from the loan. For example, some lenders allow applying for co-signer release after 12 consecutive on-time payments, though others may require two or more years. If this is important, compare lenders' co-signer release policies.
- **Income and Debt:** Lenders might consider the student's (or co-signer's) income and existing debts. A steady income and low debt-to-income ratio help. Of course, many students have little income while in school, so lenders rely heavily on the co-signer's financials or the expectation that a law degree will lead to future income.

Tip: Check your credit reports and score before applying. Fixing any errors or paying down existing debts could improve your chances of approval and a lower rate. Additionally, shopping around with multiple lenders, or using a comparison site, can often be done with soft credit checks, allowing you to compare offers without dinging your credit.

Comparing Lenders: Rates, Terms, and More

Not all private loans are the same. It's wise to shop around and compare offers from different lenders to find the best overall deal. You can view a directory of several private and state-based lenders at the [AccessLex Private Loan eXchangeSM](#). Key factors to compare include:

- **Interest Rates (APR):** Look at both the interest rate and the Annual Percentage Rate (APR). The interest rate can be fixed (stays the same) or variable (can change over time). A fixed rate offers stability, while a variable rate often starts lower but can rise later. APR includes the effect of any fees and compounding, giving a better sense of the loan's true cost. Always compare the full range and remember the lowest advertised rates usually assume excellent credit and enrollment in autopay.
- **Fees:** Most lenders don't charge origination fees or pre-payment penalties, meaning you can pay off your loan early without any extra charges. However, it's important to double-check for any late payment fees or other hidden charges in the fine print. Sometimes, a loan with zero fees and a slightly higher interest rate can be more cost-effective overall than one with a low rate but hidden fees.
- **Repayment Terms:** Compare the length of the repayment term (common options are 5, 10, or 15 years). A longer term means lower monthly payments but more interest paid overall. Some lenders let you choose from multiple term options. Also, check if there's a grace period. Many private loans offer a six-month grace period after graduation, similar to federal loans, but some may require payments to start sooner.

- **Repayment Options:** Explore the in-school payment options available to you. Many lenders allow deferred payments until after graduation, allowing you to pay nothing while in school. However, they often also provide options to pay interest-only or a small, fixed amount (such as \$25/month) during school to reduce interest accrual. If you can afford it, making payments during school will save you money in the long run.
- **Discounts and Perks:** Check if the lender offers an autopay discount (commonly 0.25% off the interest rate for setting up automatic payments). Some lenders have loyalty discounts (e.g., if the co-signer has an account with that bank). Also, check for any unique perks: for example, some lenders allow an occasional payment pause or “skip a payment” feature, or provide career resources, or even cashback rewards for good grades or graduation. These shouldn’t be the primary deciding factor, but they can add value.
- **Co-Signer Policies:** If using a co-signer, compare co-signer release terms as mentioned previously. Also, some lenders might have a multi-year approval feature (meaning you can pre-qualify once and then easily get loans for subsequent years of school without a hard credit pull each time). This can be convenient if available and needed.
- **Customer Service and Reputation:** Consider the lender’s customer service. Are they easy to contact? Do they service their own loans or sell them to someone else? Online reviews or your personal experience can be a helpful starting guide. It is important that you feel comfortable that support will be available during repayment, especially if any issues arise.

Tip: Use a loan product comparison site or set up your own spreadsheet. List out a few lenders and note their APR ranges, fees, and key benefits. This makes it easier to visualize which loan is truly the best deal for your situation. Remember, you don’t have to accept the first offer – it pays to compare!

The Benefits and Drawbacks of Private Loans

Private student loans can be useful in certain scenarios, but they are not right for everyone. Here are some factors to consider when determining if private loans are a good option for funding your legal education.

When Private Loans Are Potentially Helpful

No Federal Aid Eligibility: If a student isn’t eligible for federal aid (for instance, certain non-U.S. citizen students, those who have hit federal annual or aggregate loan limits, or those who have a federal loan default in their history making them ineligible), a private loan – with a creditworthy co-signer if needed – might be the only option to finance their education.

Funding the Bar Exam Experience: Private bar study loans are a type of loan specifically designed to help law school graduates cover the costs associated with preparing for and taking the bar exam. Unlike traditional student loans, private bar study loans are not intended to fund your education. Instead, they provide financial support for the period between graduation and the bar exam, helping to cover expenses such as bar review courses, living expenses, and exam fees. These loans can be particularly helpful in bridging any financial gaps and ensuring that you have the necessary resources to focus on passing the bar exam without the added stress of financial concerns.

The Drawbacks of Private Loans

Not Eligible for Federal Benefits: If you plan to pursue a career in public service or government and hope to qualify for Public Service Loan Forgiveness (PSLF), you should stick with federal loans first. Private loans do not qualify for PSLF or any federal forgiveness programs. Similarly, if you anticipate needing an IDR plan such as the Repayment Assistance Plan (RAP) due to a lower salary or unstable income, a private loan typically won't offer these options. In short, if flexible repayment or forgiveness is important, exhaust federal loan eligibility first.

Uncertain Financial Outlook: If a borrower is not sure about their ability to repay, taking on a private loan can be risky. Loans used for education are not easily discharged in bankruptcy, and private lenders may not offer long-term forbearance or deferments if the borrower struggles.

High Interest for Less-Than-Perfect Credit: If you, or your co-signer, have only fair or poor credit, private loan offers could come with very high interest rates (e.g., in the teens), which might make them more expensive both monthly and in the long-term. In such cases, it may be better to reconsider other funding options or improve credit first.

If Other Options Exist: Always exhaust scholarships, grants, work-study, savings for school, and more affordable loans first. While law school is demanding, finding any way to reduce borrowing will pay off later.

The Borrowing Decision

In summary, private loans may be a good option only in well-considered situations – primarily to cover necessary expenses that cannot be met with federal loans or other resources, and ideally when the borrower has a plan for repayment. They are not a good idea for those depending on safety nets like PSLF or if the cost of the private loan is prohibitively high. It's all about weighing the trade-offs. Sometimes, the flexibility and protections offered by federal loans are worth the higher interest rate, especially for those who need them. On the other hand, a low-rate private loan can save money if the borrower doesn't require those protections. Each student's situation is different, so understanding how private loans impact your unique strategy is crucial.

Considerations for International Students

International students face unique challenges when securing private student loans for law school. Unlike U.S. citizens, they are not eligible for federal student loans, which offer benefits like income-driven repayment (IDR) and loan forgiveness. This means international students must rely on private lenders, who often require a U.S.-based co-signer with good credit. Additionally, private loans for international students typically come with higher interest rates and fees due to the perceived risk of non-repayment. Despite these hurdles, there are options available. In fact, some lenders offer private student loans specifically designed for international students. These loans can help bridge the financial gap and provide the necessary funds to cover tuition and living expenses while pursuing a legal education in the United States. Early financial planning and thorough research into loan options are essential for international students to navigate these complexities and secure the funding they need.

Final Tips and Disclaimer

Borrow Conservatively: Borrow only what you truly need. Just because a lender approves a large amount doesn't mean you should take it all. Loans (even with low interest) will accrue interest and must be paid back with future income – so less debt means less financial pressure later.

Stay Informed: The world of student loans is fast-changing (interest rates move, policies update). Know how to verify details for yourself. For example, a lender's advertised rates or benefits this year might be different next year. It's always wise to read the latest information or talk to the lender if anything is unclear.

Repayment Planning: After securing the loan, plan ahead for repayment. If the private loan doesn't offer an income-driven plan, you should budget for the standard payments. You may be able to choose a longer term for smaller payments if needed, but try not to extend it longer than necessary (to avoid extra interest). If possible, paying a bit while in school or during the grace period can reduce the balance before full repayment begins.

Guide Disclaimer: *All information (interest rates, terms, and lender features) is current as of summer 2026 and is subject to change. Private student loan rates and policies can change frequently due to market conditions and lender updates. Borrowers should check with each lender directly to get the most up-to-date rates, fees, and terms before making any borrowing decision. This guide is for informational purposes – it's important to read all loan disclosures and understand your obligations before signing a private loan.*