

Bad Credit Medical School Loans

It is a common worry that some less-than-ideal decisions from your past will come back to haunt you later on in life. If you have bad credit and want to pay for medical school by taking out private loans, your credit past can haunt you by making you ineligible to receive funding. There are however, alternatives to bad-credit medical school loans, one of them being federal medical school loans.

Private medical school loans are issued by lenders such as banks and credit unions. These institutions require credit checks prior to issuing private loans. Therefore, your credit rating determines your eligibility for private medical school loans, and a negative credit rating will most-likely be rejected for a loan.

Unlike private medical school loans, federal medical school loans are not credit-based, allowing those with less than ideal credit, or no credit, the opportunity to take out a loan. In comparison to private medical school loans, federal medical school loans are advantageous in that they are: federally regulated, have no origination fees or prepayment penalties, and generally have lower interest rates than private loans. Federal medical school loans also have a grace period after graduation, can have subsidized interest, and offer forgiveness options.

Two examples of federal medical school loans are Stafford Loans, and Graduate PLUS Loans. Stafford Loans are the most commonly used student loans. They have low interest and are available to professional students, such as medical school students. These loans are either subsidized or unsubsidized, based on need. Annually, medical school students are allotted a maximum of \$8,500 in subsidized Stafford Loans, and \$30,000 in unsubsidized Stafford Loans.

Graduate PLUS Loans are available to professional students as well, and are not based on the borrower's income or financial need. Therefore, a student will not be turned down for making too little or too much money. The loan's maximum amount varies and can be increased to cover up to 100 percent of the cost of attendance, including tuition and fees, books, computers, etc.

In addition to the benefits of taking out federal medical school loans, if you consolidate, you can enjoy even more advantages. By consolidating, you can actually improve your credit score, therefore ending the poor credit that has been haunting you! Also, there are no fees, credit checks or prepayment penalties associated with consolidating. Furthermore, you can lock-in at lower interest rates, lower your monthly payments, and even reduce your percentage rates by .25% by paying with auto-debit and by 1% after 36 months of consecutive on-time payments. Deferment and forbearance options are also available, as with the federal medical school loans.

Overall, consolidating your federal medical school loans will simplify your life and save you thousands of dollars – a decision that will not be coming back to haunt you.