**THE BORROWING CHECKLIST**

1. Principal amount borrowed?

2. What is the interest rate and APR?

3. How is it calculated? Is it simple interest or does it compound? Does it compound daily or monthly?

4. Is the interest rate fixed or is it variable? If it’s variable, how can it change?

5. What are the fees?

6. What are the punitive fees for a late payment?

7. What’s it going to cost you in total to pay off the loan?

8. How long is it going to take for you to pay off the loan?

9. What is the monthly payment?

10. Is there a prepayment penalty?

11. Is there a balloon payment?

12. Does the institution providing your financing report to the credit reporting agencies?

12. If there is a dispute, are there restrictions on how it’s resolved?

13. Remember the thin red line.

14. Remember the box.

15. Remember the pie chart.

16. Think about opportunity cost.

17. Did you shop the loan?

18. Does the borrowing choice fit with financial framework of your goals and plans?

18. Do you have any thinking traps about the decision?

19. What kind of debt is this borrowing choice? (Secured, unsecured, priority debt?)

20. Is it difficult to discharge in bankruptcy?