

**The College Cost Reduction and Access Act of 2007**  
**Facts at a Glance for Brooklyn Law School Students and Graduates**

**Available to Low Income Borrowers**  
**Income Based Repayment (IBR) Program**

- Monthly student loan payments may be reduced by a new *Income-Based Repayment (IBR)* program. The government pays any unpaid interest on the subsidized portions of the loans for up to three years if the borrower elects to participate in the IBR program. Under IBR, borrowers may limit their annual educational debt repayment to 15% of their discretionary income—adjusted gross income minus 150% of the poverty level for the borrower’s family size.
- High debt borrowers who expect low incomes for a long period may want to consider IBR, although this will cause their total payments to increase. After 25 years of payments, any balance still remaining on their loan will be forgiven.
- High debt, low-income borrowers who expect their incomes to rise substantially might use IBR to ease their repayment burden for a few years. This will cause their total payments to increase. They may repay the total amount before 25 years elapse, and will not qualify for loan forgiveness.
- Borrowers with FFEL consolidation loans (any loan issued by a private lender rather than the government) may not consolidate into the Federal Direct Loan program unless they are seeking Public Service forgiveness (see below). IBR will be available through FFEL student loans programs.
- As borrowers receive salary increases, and the amount due under standard repayment no longer exceeds the amount due under IBR payments, they will no longer be eligible for IBR payments. The borrower will repay at the standard repayment rate, but the unpaid interest will be capitalized rather than compounded, which will cost the borrower less in interest rates.

**Available to Graduates Working in Public Service**  
**Loan Forgiveness after 10 Years of Payments**

- Law school graduates in public service—including government workers and employees of non-profit organizations with a 501(c)3 tax-exempt status—are entitled to full debt forgiveness of a *Federal Direct Consolidation Loan* after making modest payments for 10 years (120 payments) of full-time employment. Stafford loans, Perkins loans, and Graduate PLUS loans are eligible for consolidation under this plan. Private loans are not eligible. Payments made on a *Federal Direct Consolidation Loan* after October 1, 2007 will count toward loan forgiveness.
- Borrowers must consolidate their student loans with a *Federal Direct Consolidation Loan* ([www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov)), in order to obtain the benefits of forgiveness after 10 years of payments.
- Monthly payments can be reduced by the *Income-Based Repayment Program (IBR)*.
- If the borrower *does not complete* 10 years of public service, any interest that remains unpaid because of IBR payments is capitalized when the borrower leaves the program. Any remaining debt is forgiven after 25 years.