

April 2013

Fordham's Loan Repayment Assistance/Loan Forgiveness Programs

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Financial Aid Office Sessions on Federal Public Service Loan Forgiveness/Income Driven Repayment Plans/Fordham's LRAPS.

Tuesday, 4/16 – 12:30 to 1:30 p.m. – Room 303

Wednesday, 4/24 – 4:30 to 5:30 p.m. – Room 303

Remember, the staff of the Financial Aid Office is here to help you even beyond graduation. Please don't hesitate to contact us

Can you use some loan forgiveness or loan repayment assistance after graduation? If so, read on!

If after graduation you accept a position in a 501(c)(3) non-profit organization, you may be eligible for **Fordham's Loan Repayment Assistance Program (LRAP)**. Under this Program, you may receive up to \$8,700 per year for five years in loan repayment assistance for your **Federal** (Stafford, Direct and Grad PLUS) and **private** loans. The amount of assistance will depend upon your gross income. If you earn \$49,000 or less, you are eligible to receive the maximum of \$8,700 per year or whatever you pay in loan repayments, whichever is less. Awards are reduced by 20% of each dollar earned above \$49,000. The maximum you can earn to receive loan repayment assistance is \$64,000.

Graduates who accept a two-year judicial clerkship or two one-year clerkships may be eligible for **Fordham's Clerkship Loan Repayment Assistance Program**. Under this program, Fordham will provide a loan to cover **Federal** and **private** loan repayments for the two-year clerkship period. The loan is interest free during the clerkship period, plus six months thereafter. At the end of the six-month grace period, interest will accrue on the LRAP loan at the rate of 4% per annum, and graduates will have a maximum of 15 years to repay the loan.

If you received a loan from Fordham's Revolving Loan Fund and accepted a position after graduation in public service or government service, federal, state or city, you may be eligible for **Fordham's Loan Forgiveness Program**. The Program pertains only to those loans borrowed directly from Fordham's Revolving Loan Fund.

As a participant in the **Loan Forgiveness Program**, no interest will accrue on your Fordham Revolving Loans and no payments need be made for the first three years of participation. At the end of three years, one third of your Fordham Loans will be forgiven, and another third will be forgiven at the end of years four and five. Law Clerks are eligible to participate but may receive only the no interest deferment on their Fordham Loans during the clerkship period, no actual forgiveness, unless they obtain eligible employment after the clerkship.

Applications for the above Programs will be available on Fordham's website in August and will be accepted between September 1 and November 1 in the year you graduate or within a month after you begin your first public interest/government service position. Graduates have three years from the date of graduation to apply. If you are eligible for both Fordham's Loan Forgiveness and Loan Repayment Assistance Programs, you need only complete the LRAP application. If you have questions about these programs, contact K. Keenan at kkeen@law.fordham.edu.

Bar Examination Loans

Loans may be borrowed to assist graduating students with the expenses they incur while studying for the Bar Examination. In this economy, very few private lenders are still offering private bar loans and to get one you need excellent credit. **Prospective graduates are advised to maximize their full federal loan eligibility (Direct and Grad PLUS) for the academic year before considering a private Bar Exam Loan.** You have up to one year after graduation to apply for a Bar Loan. Remember, Bar Loans are private loans **ineligible** for Federal Public Service Loan Forgiveness.

Federal Public Service Loan Forgiveness

Under the Federal Public Service Loan Forgiveness program, borrowers may qualify for forgiveness of their remaining loan balance on their eligible federal loans after they have made 120 eligible payments on those loans while employed full-time in public service employment. To obtain this benefit, you will need to be certain you meet all the eligibility requirements:

FPSLF Fact Sheet, Q&A's and the FPSLF Employment Certification can be found at www.studentloans.gov

Be certain your job qualifies for Federal Public Service Loan Forgiveness (FPSLF). If you work full time for the government or a 501(c)(3) nonprofit organization, you will qualify. If you do not work for a 501(c)(3) nonprofit organization or the government, you can still qualify if you provide "public interest law services" for a "public service organization." A public service organization gets at least some government funding and is not "a business organized for profit, a labor union, a partisan political organization, or an organization engaged in religious activities...." See 34 CFR 685.219 or call 1-800-433-3243 to determine if your organization qualifies for FPSLF.

Be certain your loans are eligible for FPSLF. Only Federal Direct Loans and Federal Direct Consolidation Loans are eligible for FPSLF. If you started Fordham Law in 2010, you borrowed your Subsidized, Unsubsidized and Grad PLUS Loans through the Federal Direct Loan Program. These loans are all eligible for FPSLF as they exist.

Evening students who borrowed Federal loans for their first year here and students with undergraduate loans may have borrowed their Federal loans through the Federal Family Education Loan Program (FFELP). **To make those FFELP loans eligible for FPSLF, you must consolidate them into a Federal Direct Consolidation Loan.** If you have already consolidated one or more of your undergraduate Federal Loans into a FFELP Consolidation Loan, you have the right to reconsolidate those loans and your Law School FFELP loans into a Federal Direct Consolidation Loan so that those loans will be eligible for FPSLF.



Be certain not to include ineligible loans in your Federal Direct Consolidation Loan. Parent PLUS Loans (a loan your parents may have taken out to pay your college expenses) and consolidation loans that paid off a parent PLUS Loan are **NOT** eligible for FPSLF.

Be certain your payments are qualifying payments. 120 payments (and they need not be consecutive) under any one or combination of four repayment plans will count toward FPSLF: Income Contingent, Income Based, Pay As You Earn and the Standard **Ten Year** Repayment. Do not choose an Extended Repayment Plan or the Graduated Repayment Plan as payments under those plans will not count. Be aware that under the Federal Direct Consolidation Loan Program, repayment over a term of more than ten years is sometimes referred to as "standard" repayment. Don't be fooled! Only payments made on a ten-year standard repayment term will count toward FPSLF. Finally, only payments made on time will count. On-time payments are made within 15 days of the due date, no later!

Finally, you must be a full-time employee at a qualifying public service organization at the time you apply for FPSLF and at the time forgiveness is granted.

Complete the FPSLF Employment Certification form at least once a year or whenever you change your employment.

Questions concerning the FPSLF Program may be directed to kkeenan@law.fordham.edu

Other Loan Repayment Assistance Programs

Funding for 2013 on many of the previously available loan repayment assistance programs has been cut. Prosecutors, Public Defenders, Senate Employees, Federal Agency Employees, and graduates entering the military are advised to search the web for any existing loan repayment assistance programs that might still be available.

Legal aid attorneys, prosecutors and public defenders may have their Federal Perkins loans cancelled, see 20 U.S.C. 1087ee.