

# 2017 Loan Repayment Assistance Program Guidelines

## I. LRAP Overview

The District of Columbia Bar Foundation (“the Foundation”) is a non-profit, tax-exempt charitable organization that supports legal aid providers in the District of Columbia. The Foundation’s mission is to fund, support, and improve DC’s civil legal aid network. One way that the Foundation improves DC’s civil legal aid network is by providing loan repayment assistance to qualified attorneys working for an eligible employer in DC. This program, called the loan repayment assistance program (LRAP), has two goals: (1) increase the number of experienced, skilled lawyers working on behalf of low-income individuals based in DC; and (2) assist DC public interest lawyers who have incurred significant educational debt.

### A. Program Descriptions

The Foundation runs two LRAPs under a consolidated application process: (1) the publicly funded LRAP, referred to as “Public LRAP;” and (2) the privately funded LRAP, referred to as “Private LRAP.” The Foundation decides in which program to place each applicant. Although the programs share basic eligibility requirements, terms of assistance, and certification and disbursement schedules, there are some differences between the two programs.

Public LRAP, officially called the DC Poverty Lawyer Loan Repayment Assistance Program, funds are made available to the Foundation through a public grant from DC’s Office of Victim Services and Justice Grants. There is more than \$200,000 available for 2017 Public LRAP awards. Public LRAP is only available to DC residents, covers only law school and bar study debt, and has a lifetime cap of \$60,000 per participant.

In comparison, private contributions fund Private LRAP. There is no residency requirement or lifetime cap for Private LRAP, and Private LRAP covers all educational debt.

### B. Terms of Assistance

Both programs provide one-year, interest-free, forgivable loans, payable quarterly, with a 12-month service requirement. Participants’ initial applications are for one year of assistance, beginning in January 2017 and ending in December 2017. The participant shall execute a promissory note in a form provided by the Foundation. If the recipient maintains eligibility (see Section III) throughout the 12-month service requirement, the recipient’s loan will be forgiven in January 2018. Participants may apply for subsequent loans thereafter (application typically released by October, due in early November, with a January start), each subject to a 12-month service obligation. However, continued assistance is subject to the availability of funding, and the level of assistance depends in part on the number of qualified applicants.

### C. Contingent on Continued Funding

Continued operation of the program will depend on continuing availability of funding in succeeding years. Assistance will be provided only to the extent that funds are available.

### D. Extent of Assistance

A maximum of \$12,000 per year, to be distributed quarterly, may be awarded to each approved applicant. If the number of qualified applicants exceeds the pool of resources available for loan forgiveness, the Foundation maintains ultimate discretion in determining the level of assistance and the allocation of funds. Priority will be given to certain categories of applicants, as described in the “Determining Your LRAP Award” section on page 6, if eligible requests for assistance exceed the amount of available resources.

## II. Applicant Guidelines

### A. Eligibility

To be eligible for 2017 LRAP, you must answer “yes” to all of the following questions:

1. Are you a permanent employee at a DC legal aid provider or currently seeking employment with an eligible employer? Go to <https://dcbfoundation.org/lrap/eligible-employers/> for the current list of eligible employers.
2. Do you work at least 17 hours a week in a position that requires a law degree?
3. Are you a graduate of an accredited law school?
4. Are you in good standing with the DC Bar; do you have a pending application for admission to practice law in DC; or are you authorized to practice law in DC under the provisions of Rule 49(c)(9) of the District of Columbia Court of Appeals?
5. If you are licensed to practice law in another state, are you in good standing?
6. Are all of your loans currently in satisfactory repayment status, or will your loans enter into repayment status by the end of 2017?
7. Do you expect your gross annual salary to remain less than \$84,413.16 in 2017?
8. If applicable, do you expect your joint adjusted gross income (AGI) to remain less than \$190,503.16 in 2017?

Further details regarding eligibility are given below.

#### 1. Eligible Employment

- a. Qualifying Employer: Applicants must be employed with a DC-based, non-profit, tax-exempt charitable organization that provides civil legal aid to the District’s low-income or underserved residents and that is eligible for funding from the Foundation. Government employment does not qualify. Please go to <https://dcbfoundation.org/lrap/eligible-employers/>.
  - i. Become an Eligible Employer: Employers seeking to be added to the 2017 list of eligible employers should apply online by 5:00 pm EST on October 20, 2016. The unique URL to begin an application will be posted [here](#) when it is

available. Read instructions here about applying online. Any questions, please email [lrp@dcbfoundation.org](mailto:lrp@dcbfoundation.org). Requests for eligible employer status made by e-mail or telephone will not be considered. Organizations may be approved at the Foundation's sole discretion. This process is only open once a year.

- b. Qualifying Employment: Applicants may be employed full-time (at least 35 hours/week) or part-time (at least 17 hours/week) in a position that requires a law degree. Assistance paid to applicants working part-time will be pro-rated.
- c. Qualifying Leave: Leave, such as family, medical, parental, and armed services leave, will be credited as qualifying employment for up to six months. This six-month limit is waivable at the discretion of the Foundation.

## 2. Income

- a. Annual Income Cap: The annual income cap increases by a 3% COLA every October. For 2017 LRAP, **applicants' individual annual income must be less than \$84,413.16 through September 30, 2017**. On October 1, 2017, the salary cap will increase by 3% to \$86,945.56. The Foundation typically uses a combination of the applicant's current salary and adjusted gross income (AGI) to gauge individual annual income. To verify both salary and AGI, the applicant's employer must verify his or her annual salary and the applicant must provide his or her most recent federal income tax return. The applicant is required to inform the Foundation during the application stage and throughout the year about income from other sources and changes in annual income.
- b. Joint Income Cap: Applicants must report their partner's current salary and AGI from their most recent federal income tax return. The applicant's joint annual gross salary and AGI must not exceed \$190,503.16 through September 30, 2017. On October 1, 2017, the joint annual gross salary and AGI cap will increase to \$196,218.26.

## 3. Qualifications

- a. Education: Applicants must be graduates of an accredited law school.
- b. Bar Admission: Applicants must be: (1) licensed to practice law, and in good standing, in the District of Columbia; (2) licensed to practice law, and in good standing, with the bar of any state, with a pending application for admission to practice law in the District of Columbia; or (3) authorized under the provisions of Rule 49(c)(9) of the District of Columbia Court of Appeals to practice law in the District of Columbia.

## 4. Residency

- a. Public LRAP: LRAP funds appropriated under Public LRAP are available for District of Columbia residents only. Applicants must also work in the District of Columbia.
- b. Private LRAP: There is no residency requirement for Private LRAP, but all applicants must work in the District of Columbia.

## 5. Qualifying Loans

- a. Loan Repayment Status: Applicants' educational loans must be in satisfactory repayment status. Applicants must be making regular payments on each loan submitted for LRAP funding. If any loan or all loans are in deferment or forbearance at the time of application, they must come into repayment status by the end of 2017.
- b. Minimum Loan Payment: There is no minimum loan payment required for eligibility, although the Foundation will take the relative debt load of applicants into consideration when allocating benefits if funding is limited.
- c. Other Loan Repayment Assistance Programs: The Foundation's LRAP is an LRAP "of last resort," meaning all applicants must "exhaust all other available avenues for loan repayment assistance, including through participation in any available undergraduate or law school debt-forgiveness programs," as regulated by D.C. Code § 4-1703.03(5). This also includes loan repayment assistance programs provided by an applicant's employer, fellowship, or other organizations (i.e. AmeriCorps). In addition, applicants should seek to determine their eligibility for federal loan repayment programs, including the College Cost Reduction Act and income-driven repayment plans.

General loan repayment programs information is available at the Equal Justice Works website: [www.equaljusticeworks.org](http://www.equaljusticeworks.org). The Foundation maintains the discretion to adjust any assistance awarded based on an applicant's apparent eligibility for another loan repayment program.

- d. Eligible Debt: Public and Private LRAP differ when it comes to *which* educational loans are eligible for assistance.
  - i. Public LRAP: At this time, eligible debt under Public LRAP is *all debt associated with obtaining a law degree*. This includes law school loans, as well as loans taken out while studying for the bar. This excludes undergraduate, graduate school, family, and personal loans. Even though only law school and bar study loans are covered by Public LRAP, please include all educational loans in your application.
  - ii. Private LRAP: Eligible debt under Private LRAP includes *all educational debt* based on loans from commercial and government lending institutions, as well as university or other private institutional loans associated with educational debt. This includes undergraduate and graduate school loans, in addition to law school and bar study loans. Family and personal loans are not eligible for coverage.
- e. Lifetime Cap: Public and Private LRAP differ when it comes to *how much* of the applicant's educational debt can be covered in a lifetime.
  - i. Public LRAP: Applicants can only receive Public LRAP funding equivalent to the lesser of: (1) the full amount of the applicant's eligible

debt (see Section II.A.5.d.i); or (2) \$60,000, which is the lifetime cap for Public LRAP.

- ii. Private LRAP: There is no lifetime cap associated with Private LRAP, however applicants can only receive LRAP funding up to the amount of eligible debt (see Section II.A.5.d.ii).

## B. 2017 LRAP Application Process

### 1. Application Instructions and Requirements

The 2017 LRAP application will be available online early October and due early November. Please refer to the website for the exact dates when they are confirmed.

First, read instructions on how to use the online application system [here](#). To start a new application, please use the unique URL that will be posted on the [LRAP Applications and Reports](#) page of the website when it is available. The application is divided into four main sections:

- a. **Applicant Certification Form**: The applicant must provide his or her contact information as well as information about his or her spouse/partner, residency, DC Bar membership, law school, employment, loans and other awards received from loan repayment assistance programs.
- b. **Employment Certification Form**: Download the Employment Certification Form on the [LRAP Applications and Reports](#) page of the website. The applicant will complete, sign and date the top portion of the form, and the applicant's employer will complete, sign and date the bottom portion of the form. Upload the completed form to the correct attachment upload area on the online application.
- c. **Educational Loan Information**: There are two subsections for Education Loan Information:
  - a. School Loan Cover Sheet: Download the School Loan Cover Sheet on the [LRAP Applications and Reports](#) page of the website. Referring to your payment history and account summaries and/or statements collected for the School Loan Verification Documents, please fill out the School Loan Cover Sheet for *all current educational loans* (undergraduate, graduate school, law school and bar study). Please see the top of the document for further instructions. Upload the completed form to the correct attachment upload area on the online application.
  - b. School Loan Verification Documents: Compile loan payment history for July, August and September 2016, online statements, and any other documents for *all current educational loans* that are listed on your School Loan Cover Sheet to verify the following information:

- i. Loan Administrator/Servicer (i.e. SallieMae, Mohela, Great Lakes, Discover, etc.)
- ii. Loan Type (i.e. subsidized, unsubsidized, Grad Plus, private, etc.)
- iii. Loan Status (i.e. repayment, deferment, forbearance, etc.)
- iv. Original Balance
- v. Current Balance (*including interest*)
- vi. Minimum amount due each month
- vii. Monthly due date of loan payment

Upload these attachments as *one PDF* to the correct attachment upload area on the online application.

- d. **Other Attachments:** The applicant must submit his or her most recent Federal and State Income Tax Returns (we are looking for adjusted gross income) and current résumé. There are three areas on the attachments section to upload any other documents that may be relevant to your application, such as an award letter from another loan repayment assistance program or a letter from a part-time employer verifying another source of income.

## 2. Information Sessions

If you are a new applicant, you are required to attend an LRAP information session. Please RSVP to [lynch@dcbfoundation.org](mailto:lynch@dcbfoundation.org) for one of the following sessions:

- Tuesday, October 11<sup>th</sup> from 6:00 to 7:00 pm at Weil Gotshal LLP (1300 I Street NW, #900)
- Thursday, October 13<sup>th</sup> from 12:00 to 1:00 pm at Children’s Law Center (616 H Street NW, #300)

## 3. Processing of Requests

The Foundation processes all applications with appropriate confidentiality. After compiling the total amount of the requests for assistance and determining the amount of forgivable loans that can be offered based on funding and the factors outlined in Section II.C.1 below, the Foundation’s Board of Directors reviews and approves all awards.

## C. Determining Your LRAP Award

For both programs, the Foundation follows selection guidelines and examines each eligible applicant’s loan information to determine each applicant’s LRAP award.

### 1. Selection Guidelines

The Foundation maintains the right to consider any relevant information in awarding loans and in setting the level of benefits for each applicant. Applicants are encouraged to provide the Foundation with all information that may assist in making these decisions.

## 2. Loan and Lender Verification

The Foundation examines all of the applicant's loan information and verifies the information provided on the School Loan Cover Sheet with the information on the School Loan Verification Documents. The Foundation may contact the applicant if the documents are not clear or if there are discrepancies. Two of the main discrepancies found are for loan purpose (undergraduate versus law school) and current balance (be sure to include *interest and principal amount*).

## 3. Calculating Your Award

Using the selection guidelines and loan information, the Foundation will then determine which loans are eligible for LRAP coverage depending on the program in which the applicant is placed (see Section II.A.5.d "Eligible Debt"). Then, for each eligible loan, the Foundation will sum the minimum amount due each month to determine the applicant's maximum eligible LRAP award, subtracting all other LRAP awards received from the applicant's law school, employer, or other provider. **The Foundation can only award up to the minimum amount due on each eligible loan.** In other words, the Foundation cannot provide you with an award greater than the minimum amount that you are required to pay in a year. The amount awarded to each eligible applicant is at the sole discretion of the Foundation and is dependent on the total amount of funding available.

## 4. Announcing and Receiving Your Award

Awards are typically announced at the end of December or early January via email. Applicants who receive an award *are required to meet with Foundation staff in January* to sign loan packages, discuss terms of assistance, and review the certification and disbursement schedule. You will not receive your first disbursement until this meeting occurs, you sign all loan documents and you understand all terms of assistance. Failure to promptly execute documents may result in forfeiture of the loan.

# III. Participant Guidelines

Once you meet with Foundation staff, you are considered an "LRAP participant." There are very strict requirements—such as eligibility, quarterly certification, and service obligations—that you must follow once enrolled in the program. Failure to meet all requirements may result in repayment of all money you have received in LRAP for the year.

## A. Change in Status

Participants are required to inform the Foundation immediately, in writing or via email ([lrp@dcbfoundation.org](mailto:lrp@dcbfoundation.org)), within 30 days of any change in status that would affect eligibility. This includes changes in:

1. Residency;
2. Employment (i.e. employer, title, hours worked per week, etc.);
3. Income;
4. Minimum amount due on loans;
5. Loan repayment status; and,
6. If applicable, changes in your partner's income.

A change in any of these eligibility factors may affect continued assistance and ultimate forgiveness of the loan. If the minimum amount due on your loans decreases at any time in 2017, you must notify the Foundation immediately because your award will need to be adjusted. Participants who leave eligible employment before completion of the applicable service obligation will be required to repay the loan under the terms of the promissory note.

## B. Quarterly Certification Requirements

Every quarter, participants must recertify their information in order to continue receiving an LRAP award, which is also disbursed on a quarterly basis. **The next disbursement will not be given until the certification for the past quarter has been received.** All certifications are completed online; login through [the main grantee portal](#) to access them. They are typically available two weeks before the certification's due date. The certification and disbursement schedule will be given to all 2017 LRAP participants at their meeting with Foundation staff in January 2017. To give you a preview of the year, please see the summarized schedule below.

### January 2017

- First disbursement mailed

### March 2017

- First quarter certification due (covers January to March)
- Second disbursement mailed

### June 2017

- Midyear certification due (covers April to June; must also submit Employer Verification form and January to June payment history)
- Third disbursement mailed

### September 2017

- Third quarter certification due (covers July to September)
- Fourth disbursement mailed

### December 2017

- End-of-year certification due (covers October to December; must also submit Employer Verification form and July to December payment history)

### January 2018:

- Loan forgiveness letters mailed

## C. Service Obligation Schedule

The Foundation's LRAPs require 12 months of qualifying service for each one-year loan. Participants may apply for and receive loans each year, and each new loan will require an additional 12 months of qualifying service in order to be forgiven in full. Service obligation periods may be consecutive and run January 1 to December 31 of the year in which the participant is receiving the LRAP award.

#### **D. Income Tax Liability**

The Foundation intends and believes in good faith that the discharge of loans issued by the Foundation under this program would not create taxable income for loan recipients under the Internal Revenue Code, based on the exemption provided by 26 U.S.C. Section 108(f), as amended. Nevertheless, each recipient is responsible for determining his or her income tax liability and making all required disclosures to the Internal Revenue Services and any other taxing entity.

## **IV. Resources and More Information**

If you have any questions regarding the Foundation's LRAP, please read the FAQs and other pages on our website at <https://dcbarfoundation.org/lrap/>.

Another great resource for other loan repayment assistance programs throughout the country is Equal Justice Works' website at [www.equaljusticeworks.org](http://www.equaljusticeworks.org).

If you have specific questions regarding eligibility or the application, please email the Foundation directly at [lrapp@dcbarfoundation.org](mailto:lrapp@dcbarfoundation.org) or call 202-853-9021.

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