

DC Bar Foundation Loan Repayment Assistance Program Frequently Asked Questions

What is the DCBF Loan Repayment Assistance Program (LRAP)?

DCBF provides loan repayment assistance to qualified attorneys working for eligible employers in DC in order to; increase the number of experienced, skilled lawyers working on behalf of low-income DC residents and assist DC public interest lawyers who have incurred significant educational debt in obtaining their law degree.

DCBF's LRAP provides one-year, interest-free, forgivable loans to qualified attorneys so they can continue providing exceptional legal assistance to DC residents experiencing low income.

DCBF administers a Public LRAP funded by an annual grant from the DC government for DC residents practicing in the District. DCBF donors fund a Private LRAP to benefit non-DC residents practicing in the District.

How has the COVID-19 federal payment suspension affected the LRAP?

In the pre-COVID era, LRAP payments were based on the amount due up to a cap determined by the DC Bar Foundation based on funding by the DC government, individual attorney loan payments, and annual income. In March 2020, when the CARES Act suspended federal student loan payments, LRAP payments toward federal loans were suspended. Payments on private (commercial) loans were continued at the maximum allowed.

DCBF resumed payments on federal loans in the amount of the lesser of \$550 or the amount due on the loan (an estimate of an income-driven repayment amount based on an average salary as reported by qualified employers in the District). LRAP payments averaged \$300-\$400 per month before the pandemic.

Federal payments resumed in October 2023 after a more than three-year pandemic pause.

Who is eligible for the LRAP?

To participate, you must be employed by an "eligible employer," earn less than \$100,000 annually, be a graduate of an accredited law school, and be:

1. Licensed to practice in the District of Columbia; or
2. Authorized under the provisions of [Rule 49\(c\)\(9\) of the District of Columbia Court of Appeals](#) to practice law before that court; or
3. A member in good standing of the highest court of any state who has submitted an application for admission to the District of Columbia Bar.

Additionally, to be eligible to receive Public funding, which is LRAP funds provided by the District of Columbia government, you must be a resident of the District of Columbia.

If you are not a resident of the District, you may participate in the Private LRAP, funded by the DC Bar Foundation. Eligibility requirements for the Private LRAP include an annual household income of \$200,000 or less.

Who is an Eligible Employer?

An LRAP-eligible employer must be a DC-based, non-profit, tax-exempt charitable organization that provides civil legal services to the District's low-income or underserved residents and is eligible for funding from the DC Bar Foundation. Employers seeking to be added to the LRAP Eligible Employers List must complete and submit the eligible employer application. Please contact lrapp@dcbarfoundation.org for more information and questions.

What are "service obligations"?

The LRAP is designed to encourage lawyers to provide legal services to DC residents experiencing low income. In order to receive an LRAP award, LRAP Participants must commit to completing 12 months of eligible employment. The 12-month period represents the applicant's service obligation.

What if a recipient leaves Eligible Employment?

With limited exceptions (see exceptions to 12-month service obligation), if a participant voluntarily leaves eligible employment at any point during the 12-month service obligation, the participant must repay all funds received since the beginning of the LRAP year.

What if a recipient moves?

If a recipient of the Public LRAP moves out of DC, and continues to work in DC, they must be transitioned to the Private LRAP as DC residency is a requirement for participation in the publicly funded LRAP.

What if an applicant is not admitted to the bar?

An applicant may have a pending application for admission to practice law in DC or be authorized to practice law in DC under the provisions of Rule 49(c)(9) of the District of Columbia Court of Appeals.

Are there any exceptions to the 12-month service obligation?

Yes. There are two exceptions to the 12-month service obligation:

(1) A participant who is involuntarily terminated from eligible employment, is in good standing with LRAP otherwise, and provides the Foundation with adequate notice will not need to repay. Involuntary termination covers loss of employment due to financial issues at the place of eligible employment; it does not cover loss of employment due to the participant's job performance. In that case, the participant will only need to return any funds received for the period between the date of involuntary termination and the end of the calendar year.

(2) Those who have participated in LRAP for three or more years and have been in satisfactory status the entire time (i.e. received forgiveness for each of those years) may be eligible for forgiveness at any time during the LRAP year if they withdraw voluntarily from eligible

employment. The participant shall be required to return any funds received for the period between the date of voluntary withdrawal from eligible employment and the end of the calendar year.

What happens if an applicant fails to complete a service obligation?

In most cases, a participant who fails to complete a service obligation will be required to repay a pro-rated portion of LRAP funding received.

What if a recipient is not in good standing where admitted to the bar?

If a recipient is not in good standing where admitted to the bar, they are not eligible to participate in the LRAP. If an LRAP participant is disbarred during the service commitment period, they must repay LRAP funds received.

What if a recipient's salary increases to \$100,000 or more?

If a recipient's income increases past the required threshold, they are no longer eligible to participate.

What if a participant fails to exhaust other LRAP benefits?

Participants are required to exhaust other LRAP benefits and to notify the Foundation of other LRAP awards received.

What if an applicant receives LRAP funding from other sources or 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."

What if the number of qualified applicants exceeds available funding for loan forgiveness?

DCBF maintains discretion in determining the level of assistance and the allocation of funds. Priority may be given to certain categories of applicants if funding is exhausted.

Why are the LRAP Awards referred to as "loans"?

LRAP Awards are referred to as loans because the LRAP is structured in order to provide awards that are not taxable as income. To achieve this goal, DCBF must issue and forgive loans in exchange for a service commitment.

What is the significance of debt-to-income ratio?

In the event that funding for the LRAP is insufficient to cover 100% of each eligible applicant's award eligibility, the applicant's debt-to-income ratio may be used to determine applicants with the greatest need.

What is the maximum LRAP award?

The statutory maximum LRAP award is \$12,000 annually. Payments due on eligible loans or awarded from the Private or Public LRAPs may be less than the statutory limit because of funding restrictions and the number of participants enrolled in the programs.

How is “full-time” defined?

Full-time is at least 35 hours/week, and part-time is at least 17 hours/week. Assistance paid to applicants working part-time is pro-rated.

How often is eligible employment verified?

Eligible employment is verified monthly by eligible employers.

How often is income verified?

Income is verified monthly.

How often are payments made to LRAP participants?

LRAP funds are disbursed to LRAP participants monthly.

What if all eligible debt is repaid?

If all eligible debt is repaid, a participant may not receive additional LRAP funding and may be required to repay a pro-rated portion of LRAP funding received after all debt was repaid.

What if a participant no longer meets eligibility requirements?

A participant may not receive additional LRAP funding if they no longer meet eligibility requirements. Moreover, a participant may owe repayment of some portion of previously received LRAP funding.

What does “loan status” mean, and what is a “satisfactory loan status”?

Loan status refers to the current circumstances of a student loan as it describes the borrower’s obligation. For example, loan status may be “in school deferment,” “grace period,” “in repayment,” “default,” “paid off,” or “forbearance.” A “satisfactory” loan status is a status in which the borrower is current in their obligation (e.g. “grace period”, “forbearance”, or “in repayment”, NOT “delinquent” or “in default”).

What is the difference between “original amount,” “principal,” and “interest”?

The “original amount” is the amount the applicant borrowed as a student. The “principal” is the interest-bearing balance owed at a particular point. “Interest” is the amount of accrued interest that has been charged to the borrower but has not yet been paid.

What if a participant takes a Leave of Absence?

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.

How do I enroll in the LRAP?

If you are employed by an eligible employer, email LRAP@dcbarfoundation.org indicating the desire to participate in the program. Please include your employer's name and the best email address for contacting you.

You will be sent an email request from Fosterus, the firm that administers the program on behalf of DCBF (please check junk or place Fosterus on safe sender list).

After you verify your email address, you'll receive your LRAP Login information. **Copy and paste** the login information into fosterus.docsign.click.



Proceed through the enrollment process as follows:

- 1 Link Loans--Select your servicer, input your servicer login credentials and repeat until you've linked each servicer.
- 2 Preview MPN—Review the terms of the Master Promissory Note.
- 3 Sign MPN—Sign the Master Promissory Note.
- 4 Loans & Awards—Allocate your LRAP award and click SAVE at the bottom of the screen.
- 5 Statements—Statements are generated when LRAP disbursements begin.

How does LRAP work with Public Service Loan Forgiveness (PSLF)?

The PSLF Program forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.

Depending on the amount of your LRAP benefit and your minimum monthly payment, you may still need to make a payment of your own each month to satisfy the minimum required.

Which loans are eligible?

Eligible student loans are loans taken to pay qualified education expenses only and do not include loans taken for expenses of spouses or dependents. Eligible loans do not include family or personal loans or alternative borrowing such as home equity loans or credit card debt.

Is the LRAP benefit taxable as income?

We cannot render, or purport to render, legal, accounting, or tax guidance.

The LRAP is designed to discharge student loan debt and provide benefits that, in most cases, are not subject to federal income tax pursuant to Section 108(f) of the Internal Revenue Code (IRC). LRAP participants who complete the service requirement generally will not have this forgiveness added to their gross income. IRC Section 108(f) details the requirements for tax-free forgiveness. [IRS Publication 970](#) provides an overview of the treatment of LRAP loan forgiveness.

Consult with your own legal, accounting, and tax advisors regarding the taxability of the forgiveness of LRAP loans.

Why am I asked to sign a Promissory Note?

LRAP Promissory Notes are legal agreements that refinance existing student loan debt in exchange for a service commitment. The LRAP refinances existing student loan debt so that it can later discharge the refinanced student loan debt.

What if I have more questions?

Please email LRAP@dcbfoundation should you have additional questions.



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