

Loan Reduction Assistance Program

>>> LOAN REDUCTION ASSISTANCE APPLICATION <<<

SOUTHERN UNIVERSITY LAW CENTER LOAN REDUCTION ASSISTANCE PROGRAM SUMMARY OF GUIDELINES

The Southern University Law Center (SULC) sponsors a loan reduction assistance program (Program) to encourage and enable recent law school graduates to enter and remain in public service. To be eligible for consideration for the Program, applicants must meet the following requirements:

1. Have graduated from the SULC within the last 10 years and presently licensed and in good standing with the Louisiana state bar.
2. Work full-time in a law-related public service job in Louisiana. Examples of qualifying service include employment with a federal, state or local government agency, an organization providing legal services to the indigent, and a Section 501(c)(3) nonprofit organization.
3. Attorneys in their first year of practice must have an Eligibility Determination Income, as defined under these Guidelines, of no more than \$50,000.00. Attorneys who have practiced at least one year but have not completed two years of practice must have an Eligibility Determination Income, as defined under these Guidelines, of no more than \$55,000.00. Attorneys, who have practiced at least two years, must have an Eligibility Determination Income, as defined under these Guidelines, of no more than \$60,000.00.
4. Must not be in default on any loan and must be current and not in forbearance on all law school educational loans.
5. Must use all funds provided by the Program towards repayment of eligible educational loans and pay to his/her lender(s) the additional amount necessary to make the full loan payment each month.

THE SULC RESERVES THE RIGHT TO MODIFY THE TERMS OF THE PROGRAM. ELIGIBILITY AND CONSIDERATION BY THE SULC DOES NOT GUARANTEE THAT ANY BENEFITS WILL BE RECEIVED. ALL PAYMENTS BY THE SULC PURSUANT TO THIS PROGRAM ARE CONTINGENT ON THE AVAILABILITY OF SUFFICIENT FUNDING TO THE SULC.

I. INTRODUCTION

The SULC sponsors a loan reduction assistance program (Program) to assist recent law school graduates who enter public service. The Program's goal is to help remove the barriers to public interest practice faced by recent graduates who have incurred significant debt to finance their law school course work.

II. DEFINITIONS

As used in these Guidelines, these words are defined as follows:

- A. Applicant: A SULC graduate who applies to the SULC to receive loan reduction assistance funds.
- B. Participant: A SULC graduate attorney who has been selected by the SULC to participate in and receive funds through the Loan Reduction Assistance Program set forth in these Guidelines.
- C. Spouse: An Applicant/Participant's spouse.
- D. Salary of an Applicant/Participant: The annual contractual amount an Applicant/Participant earns, excluding benefits, while engaged in full-time law-related Eligible Employment as defined in Section III of these Guidelines.
- E. Salary of spouse: The annual amount the spouse earns, excluding benefits, while employed.
- F. Applicant/Participant's Adjusted Income: Applicant/Participant's salary plus any other income of the Applicant/Participant.
- G. Joint Adjusted Income: The salary of the Applicant/Participant plus the salary of the spouse plus any other income of the Applicant/Participant and the spouse.
- H. Eligibility Determination Income: The higher of (a) the Applicant/Participant's Adjusted Income, as defined above, or (b) one-half ($\frac{1}{2}$) the Joint Adjusted Income, as defined above, of the Applicant/Participant and his/her domestic partner.
- I. Current: (a) The loan is in a repayment phase. This means the Applicant/Participant is obligated to make installment payments on the loan, and (b) all payments required by the lender are being made and are being made in full and on time.

III. ELIGIBILITY

To be eligible for the Program an Applicant/Participant must satisfy the following requirements:

- A. Law School Graduate: An Applicant must have earned a J. D. within the last 10 years from the SULC.
- B. Law license: A Participant must be a licensed member of and in good standing with the Louisiana state bar. An attorney may apply to the Program while he or she is awaiting results of a bar exam or

awaiting the opportunity to take a bar exam, but will not be eligible to participate in the program until he/she has been licensed by the Louisiana state bar.

- C. Full-time: An Applicant must work or be paid for 35 or more hours per week.
- D. Law-related: The nature of the Applicant's work must involve legal problem solving or analysis and must require skills acquired in legal education.
- E. Eligible Employment: Eligible Employment is employment in Louisiana with (a) a federal, state, or local government agency, such as a United States Attorney's office or a Public Defender's office; (b) an organization that provides legal services to the poor, such as Capital Area Legal Services Corporation; or (c) a 501(c)(3) non-profit organization. A Participant does not become ineligible if he/she leaves one type of Eligible Employment for another.

Note: A judicial clerkship does not qualify as Eligible Employment.

- F. Income Rules: For an Applicant/Participant in his/her first year of law practice, Eligibility Determination Income, as defined in Section II above, must be no more than \$50,000. For an Applicant/Participant who has practiced as a lawyer for at least one year but has not yet completed two years of practice, Eligibility Determination Income, as defined in Section II above, must be no more than \$55,000. For an Applicant/Participant who has practiced for at least two years, Eligibility Determination Income, as defined in Section II above, must be no more than \$60,000.
- G. Eligible Loans: All need-based federal, university and educational loans for law school education are eligible for inclusion in the Program. Loans from family members and other private sources are not included. Loan consolidation is not required.
- H. Loan Repayment Status: All law school loans must be in satisfactory repayment status. No loans may be in default. Additionally, all law school educational loans must be current, as defined in Section II of these Guidelines.
- I. Available Leaves: A Participant on unpaid parental disability leave is considered a full-time employee up to a maximum period of six months, and shall, during that six month period, remain a Participant as long as Participant continues to make payments to lenders. If a Participant loses his/her job, he/she may apply to the SULC for a grace period not to exceed six weeks, before being required to leave the Program, and, if feasible, repay the funds not yet forgiven.

IV. OBLIGATIONS OF THE PARTICIPANTS

It is the responsibility of the Applicant/Participant to keep all loans current by payment of the required amounts in full and on time in order to continue participation in the Program. An Applicant may apply to the SULC in the event that he/she is behind in his/her loan payments before entering the Program. Further, should a

Participant experience exceptional circumstances which prevent him/her from making his/her loan payment on time and in full, the Participant must notify the SULC which will consider the matter and decide a course of action.

Throughout the year, the SULC will verify on a regular basis certain employment and loan information to determine Applicant/Participant's continued eligibility. To continue to receive SULC funding, a Participant must provide, in a timely manner, appropriate signed documents to enable the SULC to verify continued full-time, law-related, Eligible Employment, qualifying salary and income under these Guidelines, and appropriate loan repayment status for the Applicant/Participant. In addition, Participant must assist the SULC in obtaining the above information should the employer, lender, or other source of information so require. This includes providing the SULC with necessary documents and/or letters to lenders so that the SULC staff may have access to this information.

V. STRUCTURE OF PROGRAM

Money provided to the Participant during each year of Eligible Employment will be forgiven on a year by year basis. The SULC will calculate the total amount of assistance that a participant is eligible to receive during each year of eligible employment, make a loan of that amount to the participant, and pay out that loan in three installments directly to the participant. If the participant completes that year of eligible employment in good standing, the SULC loan for that year will be forgiven at the end of the year.

If a Participant leaves Eligible Employment before the completion of the year, Participant must repay to the SULC any funds not yet forgiven. If a Participant leaves Eligible Employment before the end of the four-month payment cycle, the Participant will be required to repay a proportional amount of that cycle's grant. If the Participant leaves Eligible Employment after one month of a four month payment cycle, the Participant must repay three-fourths (three months out of four months) of that cycle's loan.

VI.

In order to verify that loans are current, the Applicant/Participant must provide his/her loan payment history online, if such information is available for this format in order to verify that loans are current. The Applicant/Participant shall notify the SULC of any changes during the year in financial, employment, and/or loan or debt repayment information for the Participant and/or his/her spouse. In order to remain in the Program, every year each Participant shall also provide updated information, signed documents of the nature described above, a copy of his/her tax return and a copy of his/her spouse's tax return from the preceding year.

The level of benefits will be calculated once each year based on the current information. The annual benefit will be divided and distributed to the Participant in three installments, except as provided below. Payments will be recalculated or eliminated during the funding cycle in the following situations:

1. Participant leaves Eligible Employment. (Immediately disqualifies Participant from receiving further payments; may trigger loan repayment. (See Structure of the Program, Section V.)
2. Participant's loans are not current. (Disqualifies or suspends qualification for participation in Program depending on the determination of the SULC).

3. Eligible loan is paid off. (If Participant has remaining eligible loan(s) for which payments are still due, payment to Participant will continue on those remaining loans. If all eligible loans are paid off, Participant shall no longer receive payments from the SULC).
4. Failure to notify the SULC of changes and to request special consideration from the SULC may result in termination from the program.

Each Applicant/Participant shall read, sign and return to the SULC a copy of the Program Guidelines as part of the application process described in Section VIII and thereafter as requested to do so by the SULC, as set forth in the final paragraph of these Guidelines.

TAXABILITY

Each individual Participant remains responsible for any positions taken on his/her own federal income tax returns, and the SULC cannot give any Participant legal advice as to whether forgiven loans must be treated as taxable income. Participants who are uncomfortable with this lack of certainty have the option to treat as taxable income the forgiveness of the SULC loan. Participants are encouraged to seek legal advice for any questions about their particular tax situation.

JUDICIAL CLERKSHIPS

Judicial clerks do not qualify for loan reduction assistance.

VII. ADMINISTRATION

The SULC Program will be overseen by a Committee (Committee/Executive Committee) appointed by the SULC Chancellor. The Committee shall be comprised of the SULC Finance Officer, the Director of Financial Aid, the SULC Director of Career Services, two SULC faculty members, and one SULC alumnus. No member of the Committee shall be an Applicant/Participant while serving on the Committee. In selecting Participants, the Committee may consider, but is not limited to, the following factors: salary, Eligibility Determination Income, debt level, net worth, type of employment, location of employment (rural/urban), law school attendance, and any special circumstances, such as financial responsibility for aging parents.

Once an attorney has been admitted to the Program, he or she may reapply each year for additional assistance. Although the Program will attempt to maintain payments to Program Participants who remain eligible once they have begun, prior receipt of benefits does not constitute a legal entitlement to future benefits.

The Committee reserves the right to modify the terms of the Program. Applicants must understand that the Program's existence depends on continued funding.

VIII. APPLICATION PROCEDURES

Applicants must submit an Application and an Application Update annually. There will be a deadline for the Application and Update. It is the applicant's responsibility to submit a completed Application, including completed Employment Certification(s) and Loan information.

Participants must submit a signed acceptance of these Guidelines, and other signed attachments which may be required by the SULC. The Committee will not consider incomplete or late applications. Applications should be mailed to SULC, P.O. Box 9294, Baton Rouge, LA 70813.