

WASHINGTON UNIVERSITY SCHOOL OF LAW
NEW LOAN REPAYMENT ASSISTANCE PROGRAM (LRAP II)
(Last updated: December 14, 2011)

I
INTRODUCTION

To help law students who want to secure employment in low paying public service and government jobs, Washington University School of Law has adopted a new loan repayment assistance program (LRAP II) that dovetails with the federal government's Income Based Repayment and Public Service Loan Forgiveness Programs under the College Cost Reduction Act. Under the program, a loan will be made to qualifying graduates to assist them with their law school loan repayment. Program participants must apply annually for this program, and the loan is fully forgivable at the end of each year in which the loan is made if the applicant meets the cancellation provisions set forth in section VI.

The services provided by graduates participating in this program should be provided for or under the direction of a government unit or an organization described in Section 501(c)(3) and exempt from tax under Section 501(a). Section 108(f) of the Internal Revenue Code (IRC) details the requirement for non-taxable loan forgiveness. LRAP II participants working in positions as stated above should be able to avoid counting this forgiveness as part of their gross income. Program participants are encouraged to consult their tax advisors regarding the tax liability of the forgiveness of these loans.

The School of Law has adopted a defined contribution plan under which the School's liability in any given year will be no greater than a pre-determined contribution of law school funds to the program's purposes. If the School of Law's defined contribution for a given year is less than the total amount of eligible requests, then actual disbursements to participants that year will be reduced on a pro rata basis.

To administer the program, the Dean has appointed an LRAP Policy Committee to consult to address policy questions concerning the administration of the program.

The details of the program are set out below.

II
ELIGIBILITY

Graduates of the Class of 2010 and beyond receiving Washington University J.D. degrees are eligible for partial or full loan forgiveness if:

1. **Minimum Loan Amount.** They have any outstanding institutional loan incurred while enrolled at Washington University School of Law in order to complete their legal education and the principal loan balance is at least \$20,000 at the time the graduate first applies for loan repayment assistance. For the purpose of meeting this \$20,000 total,

educational loans incurred to finance undergraduate or graduate education may also be included.

2. **Eligible Employment.** They are engaged in full time public service consistent with the Public Service Loan Forgiveness Program and anticipate being so employed for a period of at least one year, or have been so employed for a period of at least one year. Public service work includes paid employment by federal, state or local government, organizations that qualify for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Alternatively, if demonstrated by the applicant to the LRAP Policy Committee, public service work could include other similar organizations that serve or advocate on behalf of a community, individuals, or organizations whose interests, for economic, political or social reasons, are not adequately represented by the private or public sector. Judicial clerkships do not constitute eligible employment. As is true with other non-qualifying employment, graduates who complete judicial clerkships and then obtain eligible employment may participate in the program following their judicial clerkship.

Eligible employment must be law related. Non-law related employment may qualify upon a determination of the LRAP Policy Committee that such employment is consistent with the program goal of assisting public service employment and supporting students who are in some meaningful way applying the skills and knowledge gained from a legal education. The burden is on the participant to persuade the LRAP Policy Committee to reverse the presumption against the eligibility of non-law related employment.

3. **Income Limitation.** They have gross annual income, as defined below, of less than \$70,000.
4. **Loan Consolidation.** They have consolidated all of their federal loans through the Federal Direct Consolidation program AND scheduled their payments using Income Based Repayment (IBR). Graduates who choose not to utilize IBR may apply for loan forgiveness through LRAP I.
5. **Other LRAP Programs.** They have maximized their participation in all other LRAP programs for which they know they are eligible through good faith efforts to investigate such programs. The Washington University School of Law LRAP award will be reduced dollar for dollar by any LRAP award that a graduate receives from another source, such as an employer or state program. Participants are required to notify Washington University School of Law in writing within thirty days of receiving an award from another LRAP program.
6. **Loan Status.** They do not have loans that are delinquent, in default or in forbearance. Loans that are delinquent, in deferment, in default or in forbearance will not be covered under LRAP. Graduates risk suspension from the LRAP if they make arrangements to put their loans in deferment or forbearance (without consent from the LRAP Policy Committee) during the period in which they are seeking funds. Additionally, students

must not owe an outstanding balance on their Washington University student tuition account.

III DEFINITIONS

1. **Institutional Loans.** Institutional loans are those where the lender is a college or university, a branch of the state or federal government, or a commercial lender that regularly lends money as part of its business. Institutional loans do not include loans made by friends, relatives or other individuals not in the business of lending money.
2. **Domestic Partner.** A "Domestic Partner" is defined as any person that the graduate identifies as his or her domestic partner for the purpose of receiving a benefit under any other program.
3. **Income.** All references below to "educational loan payments" mean educational loan payments calculated with a repayment period of at least 10 years. Income is defined as gross (pre-tax) annualized income (GAI) as reported on the LRAP II application.

For married graduates or graduates with a domestic partner, GAI is defined as the higher of (1) the graduate's GAI, or (2) one-half the combined GAI's of the graduate and the spouse/domestic partner. Spousal/Partner income determined by the annual income reported on the Employment Certification Form and the LRAP II application less the spouse/partner's educational loan payments, if applicable.

4. **Total Assets, Protected Assets, and Adjusted Assets.** **Total assets** are defined as (1) cash and bank accounts, (2) home equity, (3) other real estate and investment equity, and (4) other similar assets, including, but not limited to, available trusts and inheritances. Items such as automobiles, household goods, and retirement plans are not to be included. **Protected assets**, which is a concept intended to permit and encourage savings, equals \$5,000 in the first year of employment and an additional \$3,500 for each year thereafter. For graduates with a spouse or domestic partner, the value of the asset is allocated between the graduate and the spouse/domestic partner, with a presumption of equal ownership in items unless other treatment is demonstrated to be proper. **Adjusted assets** is defined as total assets minus protected assets.

Example (married graduate in third year of employment)

(1)	Bank account	\$14,000
(2)	Home equity (add)	\$40,000
(3)	Total assets (divide \$54,000 by 2)	= \$27,000
(4)	Protected assets (\$5,000 + (2 x \$3,500))	= \$12,000
(5)	Adjusted assets (\$27,000 - \$12,000)	= \$15,000

5. **Coverage and Repayment Period.** Graduates are eligible for loan forgiveness payments for as long as they meet all eligibility requirements. Participation may be delayed or interrupted without disqualification.

Private loans are not covered under LRAP II.

IV AMOUNT SCHOOL OF LAW WILL PAY

The maximum amount of loans covered by this program is the total of federal loans (Stafford, GradPlus, Perkins and federal consolidated loans) borrowed to cover educational expenses. This is referred to as the “eligible loan amount.”

Within the limits of the School of Law’s defined contributions to the program as defined below in Section VII, the School of Law will award the graduate a forgivable loan equal to 6% of the applicants adjusted gross income (AGI) as calculated under LRAP II. *In the event that 6% of AGI is greater than what the graduate is actually paying under IBR, the LRAP II award will equal the amount that the graduate is paying annually.*

Loan forgiveness amounts will be modified for graduates whose adjusted assets exceed zero. Where adjusted assets are positive, the adjusted asset amount is divided by the student’s eligible loan amount. Loan forgiveness otherwise available to the graduate is to be reduced by the fraction obtained.

Example: An unmarried graduate three years out of law school has total assets of \$22,000 and an eligible loan amount of \$40,000. Protected assets equal \$12,000 (\$5,000 plus \$3,500 x 2). That figure is subtracted from \$22,000, producing adjusted assets of \$10,000. The fraction is thus \$10,000/\$40,000 or 1/4. Loan forgiveness otherwise available is to be reduced by 25%.

V APPLICATION AND GRANT DISBURSEMENT PROCEDURES

While application may be made at any time, graduates are expected to apply as soon as qualifying employment has been obtained. Loan repayment assistance may begin as soon as eligibility is established and graduates have begun making their loan payments. Awards will cover the period beginning with the date of application through June 30.

In order to be eligible for loan repayment assistance, initial applicants must complete the forms listed below, each of which is attached. Applicants who have already been admitted to LRAP II are required to submit a renewal application every 12 months. A renewal application will be emailed to each current participant in April; however, it is the graduate’s responsibility to obtain and submit the renewal application by June 1. Renewal applications can also be obtained online.

Graduates applying for their first year in the program will be considered once they have provided:

- a. Proof of employment or the acceptance of an offer of employment in a qualifying job. This must include a descriptive statement of the job held by or accepted by the graduate, the office's address and name of director or other contact person. This proof must come in the form of a letter from the employer to Elizabeth Walsh, Assistant Dean for Student Services, at the School of Law. The employer's letter must include annual salary information, a starting date, and the name and phone number of a contact person at the employer.
2. Income information including salary (which, as noted above, must be verified by the graduate's employer), and any additional anticipated sources of income from January 1 - December 31 for the year in which assistance is sought. The attached Income Information Worksheet that you will fill out gives examples of various income categories other than wages and salaries. An estimated federal income tax return (Form 1040) is required for the graduate's first complete calendar year of public interest work or a joint return for a graduate and his or her spouse. If a married graduate does not plan to file a joint return with the IRS, separate returns for both spouses will be required. For graduates with a domestic partner, separate returns for both the graduate and the domestic partner will be required.
3. The consolidation loan disclosure statement from Direct Lending that states month and year loan will go into repayment, total principal balance, interest rate, and repayment term.
4. List of educational debts, with supporting documentation from each lender, including total amount borrowed under each loan type; loan interest rate per loan; amount of monthly repayment obligation per loan type; month and year each loan went/will go into repayment; how much, if any, has been repaid of the loans at the time of the application for the program.
5. A list of assets as defined above.
6. A resume complete with biographical information and employment date.
7. A signed agreement that, on or before April 15 of the next calendar year, the graduate will file the actual return(s) for the calendar year previously estimated. In the event the graduate obtains an extension of time to file the tax return, a copy shall be forwarded to the School of Law when it is available. If the graduate's actual income deviates by more than 10% from the estimate, appropriate future adjustments will be made over the following twelve month period in calculating and apportioning sums owed the School of Law by way of reimbursement for excess forgiveness or owed the graduate by way of inadequate forgiveness.

8. A signed acknowledgment of the participant's obligation to report any changes in financial status that would affect eligibility for loan repayment assistance under this program.
9. If applicable, an employment certification form for the participant's spouse/partner.
10. If applicable, a list of educational debts for the participant's spouse domestic partner, with supporting documentation from each lender, including the name and address of each lender for each type of loan and total amount borrowed under each loan type; loan interest rate per loan; amount of monthly repayment obligation per loan type; month and year each loan went/will go into repayment; how much, if any, has been repaid of the loans at the time of the application for the program; if federal loans have been consolidated, consolidation application.
11. Clarification or follow up documents as requested by the LRAP Policy Committee or Elizabeth Walsh.

To remain eligible, graduates must demonstrate continued eligibility by submitting an LRAP II Renewal Application annually.

This information will also be used to verify the income and asset projections reported for participation during the previous year. Appropriate adjustments will be made if the actual information provided differs by more than 10% from the initial projections.

VI CANCELLATION PROVISIONS

Upon submitting a properly documented request form, the participant is entitled to have up to 100% of the original LRAP disbursement loan cancelled if the participant remains in a qualifying job for the full year covered by the disbursement. In addition, to qualify for cancellation of the LRAP loan obligation, the participant must be current on all educational loans for which the participant requested LRAP assistance.

VII WASHINGTON UNIVERSITY SCHOOL OF LAW'S MAXIMUM ANNUAL FINANCIAL OBLIGATION

In the event that the level of participation in the program would cause costs to exceed the budgetary limits set by the Dean each year, payments to individual participants will be reduced proportionately to meet those budgetary limits. If the funds would be completely spent on the first disbursement date for the year, then the LRAP Policy Committee will decide how to allocate funds appropriately between the first and second disbursement dates. The School of Law intends in good faith to continue this LRAP program for at least the immediate future but can make no

specific guarantee to graduates participating in the program. Terms of the LRAP program may change at the discretion of the Dean.

**WASHINGTON UNIVERSITY SCHOOL OF LAW
LRAP II Application**

A. Applicant Data:

Applicant Name	
Social Security Number	
Email Address	
Home Address	
Cell Phone Number	
Single, Married, Domestic Partner	
Law School Graduation Date	

B. Applicant Employment Data:

Employer Name	
Address	
Telephone Number	
Position/Job Title	
Employment Start Date	
Current Annual Gross Income	

C. Employment Data for Spouse or Domestic Partner

Name of Spouse/Partner	
Employer Name	
Address	
Telephone Number	
Position/Job Title	
Employment Start Date	
Current Annual Gross Income	

D. Certification:

I certify that all information provided above is true and accurate as of this date. I further agree to notify Elizabeth Walsh, Assistant Dean for Student Services, at Washington University School of Law of any changes in employment status, address, marital status, or income and provide any additional information requested by the Dean of Students Office at Washington University School of Law.

Signature

Date

Please attach the following documents. Your application is NOT complete and CANNOT be evaluated until ALL information is submitted. Thank you.

- Letter from employer with annual salary, starting date and contact person
- Income Information Worksheet (attached)
- Loan Indebtedness Worksheet (attached)
- Payment information sheet or payment coupon from each of your lenders that includes monthly payment amounts, current balances, interest rates and account numbers*
- Asset Worksheet (attached)
- Copy of your most income tax return (unless you were not required by law to submit an income tax return)
- Power of Attorney Form (attached)
- Promissory Note Agreement (attached)
- Applicant's signed acknowledgment of duty to report changes in financial status (attached)
- Spouse/Domestic Partner Employment Certification Form (if applicable)
- Spouse/Domestic Partner Educational Debt Information Form (if applicable)

INCOME INFORMATION WORKSHEET

Name: _____

Please report estimated income for the period of January 1 through December 31 for the year in which assistance is sought. If you are married or live with a domestic partner, your spouse's/ domestic partner's income must be reported. A copy of your and your spouse's/ domestic partner's most recent income tax return, along with any applicable IRS Schedules must be attached to this form.

	Participant	Spouse/Partner
Wages & Salaries		
Overtime/Bonus/Commission		
Total Interest Income (if more than \$500)		
Total Dividend Income (if more than \$500)		
Business Income		
Alimony/Child Support Received		
Unemployment Compensation		
Rental Income		
Trust Fund Income		
Other Income Sources – please specify		
Total		

Law School Non-Need Based Loans (Private/Alternative Loan, Bar Study Loan)

Lender/Type of Loan	Principal Balance	Interest Rate	Term of Loan (in months)	Month/Year Payments Begin	Monthly Payment

Undergraduate Non-Need Based Loans:

Lender/Type of Loan	Principal Balance	Interest Rate	Term of Loan (in months)	Month/Year Payments Begin	Monthly Payment

ASSET WORKSHEET

Name: _____

Please list the current value of your assets below. Assets that are owned individually should be listed under the owner of the asset. Joint assets should be listed under the “Joint” column. Anything with monetary value that is legally in your or your spouse/partner’s name should be listed on this worksheet or on the “Income Information Worksheet” on page 4.

401(k), 403(b), and 457(b) retirement plans, and IRAs and Roth IRAs are not treated as assets and do not need to be listed.

	Participant	Spouse/Partner	Joint
Cash & Bank Accounts			
Home Equity			
Other Real Estate Equity			
Trust Funds			
Investments (Stocks, bonds, CDs, etc.)			
Other Assets (please specify but do not include automobiles and household items)			

POWER OF ATTORNEY

State of _____
County of _____

Know all persons by these presents, that I, _____, of
_____ County, State of _____, do

appoint the Dean of Students Office at Washington University School of Law, as my true and lawful attorney-in-fact, for me and in my name, and on my behalf, to do for me anything which I might do or perform for myself if personally present and acting. I do specifically authorize my attorney-in-fact, in my name and on my behalf, to access any and all information related to my student loans, including but not limited to, obtaining repayment information, signing deferments, signing income contingent repayment agreements, signing consolidation applications, endorsing checks, signing promissory notes and any other agreements pertaining to my participation in Washington University School of Law Mel Brown Family Loan Repayment Assistance Program.

This the _____ day of _____, 20_____.

(Name) (Seal)

State of _____
County of _____

Sworn to and subscribed to before me the _____ day of _____, 20_____.

Notary Public

My Commission Expires: _____
Notarial Seal

PROMISSORY NOTE AGREEMENT

This form must be notarized and returned with your application. Failure to return this form will delay or stop the processing of your Loan Forgiveness application.

I, _____, promise to sign and return the promissory note that will be mailed with each loan disbursement. In addition, if the promissory note is not cancelled, I agree to pay to Washington University the amount of the loan disbursement with interest at 6.95%, and all attorneys' fees and collection costs, whether or not litigation is commenced. I understand that failure to return the promissory note to Washington University by the date requested, will result in my loan becoming due immediately and future disbursements will be withheld.

This the _____ day of _____, 20_____.

(Name) (Seal)

State of _____
County of _____

Sworn to and subscribed to before me the _____ day of _____, 20_____.

Notary Public

My Commission Expires: _____
Notarial Seal

ACKNOWLEDGMENT OF DUTY TO REPORT CHANGES

This form must be notarized and returned with your application. Failure to return this form will delay or stop the processing of your Loan Forgiveness application.

I, _____, promise to report promptly any material changes in my financial status to Elizabeth Walsh, Assistant Dean for Student Services at Washington University School of Law. Material changes are measured in relation to what you reported in your most recent application for loan repayment assistance. Such changes could include changes in the salary or assets of you or your spouse or domestic partner, or any other material change that would affect the amount of assistance for which you would be eligible under this program.

This the _____ day of _____, 20____.

(Name) (Seal)

State of _____
County of _____
Sworn to and subscribed to before me the _____ day of _____, 20____.

Notary Public

My Commission Expires: _____
Notarial Seal

SPOUSE/DOMESTIC PARTNER EMPLOYMENT CERTIFICATION

Part A: To be completed by applicant's spouse/domestic partner. (Please duplicate for each employer.)

LRAP Applicant Name: _____ SSN: _____

LRAP Applicant Spouse/Partner's Name: _____ SSN: _____

I authorize my employer, _____, to provide information requested in Part B of this form to Washington University School of Law (WUSL). I also authorize WUSL to contact my employer regarding my employment information.

Signature: _____ Date: _____

Part B: To be completed by the employer.

The spouse/partner of the employee named above has applied to Washington University School of Law's Mel Brown Family Loan Repayment Assistance Program (LRAP). The application requires certification from the employer of the applicant's spouse/partner for employment status and salary. Please complete the following and return this form to the employee named above.

Employment start date: _____ Employee's current title: _____

Employee's current annual salary: \$ _____ (Gross)

Employer provided benefits in addition to salary (i.e., housing, bonuses, etc.) available to the employee:
\$ _____ (per year)

When was the employee's most recent salary/cost-of-living increase? _____

When is employee's next salary/cost-of-living increase expected? _____

I hereby certify that all of the information presented in this form is true and complete to the best of my knowledge.

(Signature) (Printed Name & Title) (Date)

(Name of Employer)

(Address) (Phone Number)

SPOUSE/DOMESTIC PARTNER EDUCATIONAL DEBT INFORMATION

LRAP Applicant Name: _____

Spouse/Domestic Partner Name: _____

Please complete this form only if your spouse/domestic partner is required to make monthly payments on student loans. Include the requested information below for any undergraduate and/or graduate loan payments currently in repayment. Supporting documentation for each loan listed must be provided.

Lender/Type of Loan	Principal Balance	Interest Rate	Term of Loan (in months)	Month/Year Payments Begin	Monthly Payment

Are any of the loans listed in a deferment or forbearance status with the lender? If yes, which ones and when will you be expected to begin repayment on the loan(s)?
