

## *DC BAR FOUNDATION LOAN REPAYMENT ASSISTANCE PROGRAMS*

### *FREQUENTLY ASKED QUESTIONS*

#### **Do I have to work in DC?**

Yes. You must be working as a lawyer, for an “eligible” employer, providing civil legal services to low income or underserved DC residents in the District of Columbia.

#### **How do I know if an employer is “eligible” under the guidelines?**

The Foundation has published a list of eligible employers on its website at [www.dcbarfoundation.org](http://www.dcbarfoundation.org). Program guidelines provide that applicants must be employed full time or part time with a non-profit organization in the District of Columbia that provides civil legal services to the District’s low income or underserved, and that is eligible for funding from the DC Bar Foundation. Employers not currently on the list may contact the Foundation to provide information showing why they should be included. Requests must be in writing, on the organization’s letterhead and must be signed by the Executive Director of the organization or the Legal Services Director.

#### **My employer is not on the Foundation’s list of eligible employers, but I think it qualifies. What can I do?**

If you work for a private non-profit organization in DC that provides civil legal services to the District’s low income or underserved, you should have your employer contact the Foundation in writing, on organizational letterhead, and present information that would enable us to make a determination about eligibility. Requests by e-mail or phone will not be considered. Please provide this information as soon as possible, preferably one month prior to the deadline for submission of your application. The DCBF Executive Director will decide, based on a recommendation from the Foundation’s Director of Programs, whether to include the organization on the list of eligible employers.

#### **Do I have to live in DC?**

It depends. There are two sources of funding for the LRAP, and different rules apply. You must live in DC to be eligible for an LRAP under the publicly funded (“DC-LRAP”) program. However, under the Foundation LRAP guidelines, you can live in DC or in the surrounding jurisdictions. **You must work in DC to qualify under either program.** The major difference between the two programs is the

residency requirement, which is a statutory requirement for the DC funded program. Read the Guidelines for each.

### **Does the income cap apply only to my adjusted gross income?**

The \$65,000 income cap applies to the applicant's individual income. At the same time, the DC LRAP statute requires us to look at your adjusted gross income, which plainly may be affected by your spouse's income. It is helpful in all cases for us to know the true economic circumstances of each applicant, so we can be in a position to apply the funds first to those with greatest need. Thus, if an applicant has help in meeting their expenses – from a spouse, domestic partner, trust fund, or any other source – we should know that. There is a question on the application that lets applicants tell us whatever they think we should need to know about their personal circumstances. We have chosen an application process that is efficient and not too cumbersome; at the same time, we have an important stewardship role with these limited funds. We are looking to each person who applies for an LRAP to be forthcoming with us, and to share our goal of ensuring the integrity and longevity of this program.

The DCBF board has adopted the policy that a joint income that is up to twice the \$65,000 cap is not problematic. Joint incomes approaching three times the cap will cause further scrutiny of your application, although it might still be funded, and an AGI well over three times the cap will not be funded. Your individual salary cannot exceed \$65,000 under any circumstances.

In addition to the AGI, the guidelines state that "At a minimum, each applicant must provide his or her salary information for the loan year from the qualifying employer and must tell the Foundation about income from other sources." That would seem to sweep in the lottery, side job, etc. issues – if an applicant is getting or has access to funds from other sources, we'd like to know about it.

As to other 'life circumstances' that may make your personal situation one presenting more or less hardship than another applicant's – the application has a question that allows individuals to tell us anything they think we need to know about their personal circumstances – an additional effort to achieve fairness in making loan decisions.

**What happens if my salary increases beyond the salary cap during the loan period, e.g., I made under \$65,000 when I applied but 6 months into the year I received a salary increase to \$65,000? Would I be eligible for the entire year or would the assistance payments stop after 6 months?**

If your salary goes up to \$65,000 or over during any loan cycle, you are no longer eligible for any loan payments, or for future loans. You will need to repay the amounts you have received for that year. The application for LRAP funding makes it clear that it is your responsibility to tell us as soon as your salary changes, so we won't be making loans inappropriately.

**What if I get a job with another legal services organization that is not in DC, or that is not “eligible” under the guidelines?**

If you change jobs for whatever reason, and are no longer employed by an eligible employer, you will lose eligibility for continued payments, future loans, and loan forgiveness. You will also have to repay any loan amounts that have not been forgiven. There is no pro rata forgiveness. To get the full benefit of the DC and Foundation LRAP, you need to keep working at a qualified legal services organization in DC providing legal services for poor and underserved people in DC for the full loan year. Otherwise, you will have to repay the loan amounts that you have received.

**What about a break in service, if I move from one eligible employer to another? Will I lose eligibility for loan repayment for that period?**

It is likely that a reasonable break in service as you move from one employer to another will not be a problem. It is important for applicants and LRAP participants to advise us about any changes in status. The Foundation has the discretion to make that determination. Let us know right away, so there won't be any problems.

**Will I still be eligible under the program if I take leave from my job?**

You need to tell us as soon as possible if your work status changes in any way: shifting to part-time or taking leave for any reason. Leave such as family and medical leave and armed services leave will be credited as qualifying employment for up to 6 months. The Foundation has the discretion to waive the 6 month limit.

**How much money can I get in LRAP loans?**

It depends! You can't get an LRAP loan that exceeds your monthly educational loan debt service. The program is designed to pay up to \$1,000 per participant per month, for eligible loans, up to a lifetime cap of the lesser of actual eligible debt or \$60,000. The public funding reaches only *debt service for law school loans*; the Foundation LRAP reaches *all educational debt*. The actual amount you would receive depends on (a) your monthly debt service, (b) the purpose of the

loans, (c) whether you qualify for DC-LRAP or Foundation LRAP or both, (d) the total amount available under the relevant funding stream each year, (e) the total number of eligible participants, and (f) the discretion of the LRAP Award Committee based on the information before it at the time decisions are made.

**How is the monthly loan repayment amount figured? For example, I have consolidated my loans, and I'm on a 20 year repayment schedule now, so my monthly amount is only \$250. Is that the amount that the LRAP would cover or is there a possibility of it covering more than my current monthly payment?**

The LRAP programs cover only actual monthly payments. You and your lender must tell us what your monthly debt service actually is, and you need to set that amount based on your personal financial circumstances. We will not provide funds for potential debt service. You can't get more from LRAP than you are actually paying out.

It is up to each applicant/participant to decide how to manage their loans. Thus, if you pay \$250 per month on law school loans, you are eligible for up to \$250 per month from the LRAP. Note that family and other personal loans aren't 'eligible' debt – so the applicant's eligible debt load could not be increased by including those amounts.

**Last year I received a lump sum payment which I used to prepay my lender. However, although I continue to make monthly payments, my loan statement indicates that I don't owe monthly payments for part of the year for which I am seeking LRAP assistance. Can I still receive assistance for the entire year?**

We will consider providing assistance for the entire year if you provide documentation showing that you continue to make monthly payments. We recommend that if you find yourself with lump sums to apply to your loans (including DCBF LRAP disbursements), you should ask your lender to apply such sums to the loan principal.

**What if I might be eligible for another LRAP from another source, such as my law school?**

The Guidelines require you to apply to all LRAP programs for which you might be eligible. These may include:

- Your law school;
- Other schools you attended;
- Your employer;

- A fellowship program in which you participate;
- The new federal programs (College Cost Reduction Act, and income based repayment (IBR))

You need to find out whether your law school has such a program and if so, submit a timely application. As for the other possibilities, you need to explore your eligibility and inform us about it. DCBF will calculate your loan based on your total eligible debt service, and will reduce that by the amount of any other LRAP you are awarded. Thus, if you are paying \$1,000 per month on your law school loans, and receive an LRAP from your law school that is equal to \$500 per month, you would be eligible for a DCBF LRAP loan of no more than \$500 per month – the balance remaining after your other LRAP. DCBF works with LRAP program participants after an award decision is made to determine final award amounts. It is your job, however, to find out what LRAP programs you might be eligible and to apply for them. In addition to checking with your school, we recommend that you check the Equal Justice Works website ([www.equaljusticeworks.org](http://www.equaljusticeworks.org)) as one source for this information. **The DCBF reserves the right to reduce awards to any applicant who fails to apply for an LRAP for which s/he might be available.**

### **How do I handle consolidated loans on the application?**

If your loans have been consolidated, when you complete the school loan information form you must identify the original amount borrowed under each of the loans consolidated and its purpose --- law school, the bar exam, other graduate school, undergraduate school. Public LRAP funds may be applied only to reasonable educational expenses associated with obtaining a law degree, so it is very important for you to denominate which of your loans are for law school and which are for other education.

### **Can I just provide the online printout as evidence of the status of my loans?**

You may provide such a printout as preliminary evidence of the amount of your loans. However, you must also provide a signed Lender Verification statement. No loans will be made until all of your lenders have sent us signed Lender Verification forms. It is your responsibility to make sure we get all the forms we need for our decision.

## **How will the loan proceeds be disbursed? Can I choose to use the proceeds to meet another financial obligation?**

Loans will be paid by check to the individual participant, up to two times per year. You must make timely loan payments for the entire period that you are receiving loans from us, or seeking loan forgiveness. It is your responsibility to ensure that funds you need to repay your loans are not diverted to other purposes, leaving you without the means to stay current on your debt service.

## **Are the funds that I get under the LRAP taxable income?**

The DC LRAP and Foundation LRAP have been designed to fit within existing rules that would make forgiveness of LRAP loans not taxable as income. You should seek advice from a tax professional on this issue, as the Foundation is not in a position to provide advice on tax issues.

## **What is the impact of the new federal legislation affecting Loan Repayment on a DCBF LRAP?**

It depends! The **College Cost Reduction and Access Act of 2007** may help poverty lawyers in two ways:

1. It lowers monthly student loan payments on federally guaranteed student loans (Income based repayment or IBR)
2. Cancels remaining debt for public servants after 10 years of public service employment (Loan forgiveness for Public Service)

To find out how it affects you, we strongly recommend that you check with your law school's financial aid office and review the information provided by Equal Justice Works: <http://www.equaljusticeworks.org/resource/ccraa>

## **Where can I get more information on the DC LRAP programs?**

The Bar Foundation's website, [www.dcbfoundation.org](http://www.dcbfoundation.org), has a page for the LRAP program. You will find there the current guidelines for both programs, the eligible employer list, and information about the application process. Please read the Guidelines carefully – they will answer most of your questions. If you still have questions, contact the Bar Foundation's Director of Programs at [withers@dcbfoundation.org](mailto:withers@dcbfoundation.org).