

UC DAVIS SCHOOL OF LAW  
LOAN REPAYMENT ASSISTANCE PROGRAM  
PLAN

I. PURPOSE

The UC Davis Law School's loan repayment assistance program (LRAP) is designed to encourage law graduates to take jobs in the public interest by loaning or granting them money to help repay student loans while they hold public interest employment. In this way, the LRAP will ease the heavy debt burden that may prevent some graduates from pursuing a career in the public interest.

By implementing a loan repayment assistance program, UC Davis School of Law will be serving society's need for a more equitable distribution of legal talent and providing an incentive for graduates not only to enter the field of public interest law, but continue to remain there.

In evaluating applicants for the LRAP, the School of Law shall not discriminate on the basis of the applicant's race, color, national origin, religion, sex, sexual orientation, disability, or age, nor on the basis of an otherwise eligible employer's social, political, or ideological orientation.

II. DISCLAIMER

By implementing this program, UC Davis School of Law makes no guarantees as to the future funding or permanent existence of this program. At its sole discretion at any time with or without advance notice to any program participant, the Law School reserves the right to terminate or modify the program or any of its provisions, including any termination or modification that may be to the detriment of the participant. Benefits will be paid only to the extent that funds are available, and the program continues to exist.

III. PROGRAM REQUIREMENTS

A. ELIGIBILITY

1. Eligible Graduates and their Debt

Persons receiving benefits will be King Hall graduates from the class of 1990 and beyond. To receive program benefits, these graduates must have outstanding need-based educational loans. Bar loans are not included. In addition to law school loans, loans taken out for undergraduate and other graduate-level study prior to law school are considered part of the total debt eligible for repayment assistance.

## 2. Eligible Employment

This LRAP provides assistance for King Hall graduates who perform law-related work for nonprofit organizations that qualify for tax exemption under IRS Code Sections 501(c)(3), (4), or (5) or who are employed directly by a local, state, or federal government agency, or who are employed international non-governmental organization (NGO) that perform work analogous to the previously described eligible employment. Positions with an agency of a foreign government shall be considered on a case-by-case basis.

Graduates who secure eligible employment at a rate of no less than 50% time (20 hours per week) may participate in the program. Volunteer positions provided by an otherwise eligible employer shall not qualify as “work” for the purpose of LRAP.

The Oversight Committee may establish future guidelines to expand the program into categories of employment that satisfy the purposes of the LRAP but are not nonprofit organizations or local, state, or federal government agency employers. Any future guidelines must be based on objective criteria.

The program will not disburse benefits to graduates while they are performing judicial clerkships. However, for the graduate/clerk who later accepts eligible employment, his or her tenure as a clerk shall be credited toward the total number of years of program participation.

## 3. Income Eligibility

No one having over \$80,000 of annual income will be eligible to enter the program. To enter the program at 50% time or more, when calculated at 100% time, the annual income from eligible employment cannot exceed the \$80,000 ceiling, and the total income from all sources cannot exceed \$80,000 annually.

No one having over \$80,000 of annual income will be eligible to remain in the program. If a participant is working less than 100% time, but at least 50% time, the annual income ceiling of \$80,000 is proportionally reduced depending on the rate at which the participant is employed.

Applicants must report income from all sources.

The Oversight Committee reserves the right to deny eligibility in any individual case if projected income does not appear to reflect an applicant's true financial need.

Applicants with a spouse or domestic partner (hereinafter referred to as "partner") will be treated as having the higher of (a) the applicant's income; or (b) one-half of the combined incomes of the applicant and his or her partner. Applicants with partners who earn less than \$5,000 per year will be allowed a deduction from their income in the amount of \$5,000 less any income earned by their partners. If both partners are program applicants and each partner have an income under the income eligibility ceiling, each partner will be eligible for the program. A deduction of \$5,000 will also be given for each person claimed as a dependent on the applicant's income tax returns.

In event of insufficient funding, applicants with greatest need and lowest income will be funded first.

#### 4. Eligible Loans

The loan debt limit on all LRAP-eligible loans shall not exceed \$150,000. Any LRAP participant with an overall debt of over \$150,000 will have their benefit calculated based on the debt limit.

Only loans borrowed prior to attending law school and during law school attendance are LRAP-eligible. Post-law school loans, such as (but not limited to) loans for LL.M and J.S.D. programs are not LRAP-eligible.

#### 5. Leaves

A participant in the LRAP will be allowed to take a leave from the program for up to two years for any reason. During this period, the graduate will not be eligible for new LRAP assistance or forgiveness of any previous loans, but repayment of LRAP loans will not be necessary. If the participant does not return to the program within two years, the program loans will become payable to the extent not forgiven.

#### 6. Deadline for Entrance

Graduates must apply for loan repayment assistance within the first three and one-half years following graduation. Eligible participants may enter the program at any time during that three and one-half year period. For graduates pursuing judicial clerkships, the three and one-half year enrollment eligibility period will begin at graduation but will not include any time spent in a judicial clerkship during the three and one-half year period.

## 7. Deadline for Exit

Participants will only receive benefits for 10 years of qualifying employment. Participants will have to repay on their own any student loan debt still outstanding after their eligibility period has expired.

### B. BENEFITS

#### 1. Benefit Calculation

LRAP awards will be 10 to 100 percent of the applicant's annual federal Income Driven Repayment (IDR) plan plus 10 to 100 percent of the applicant's annual unpaid interest. Unpaid interest is Eligible Annual Interest less Annual IDR. If IDR is greater than Eligible Annual Interest, Unpaid Interest will be zero. The award percentage depends on the applicable income as shown below.

Applicants with applicable incomes at or below \$53,000 will have awards calculated at 100 percent.

Applicants with applicable incomes of \$80,000 will have awards calculated at 10 percent.

Applicants with applicable incomes greater than \$53,000 but less than \$80,000 will be awarded at percentages declining from 100 to 10 percent (see Award Percentage Table).

Applicants with applicable incomes greater than \$80,000 are not eligible to participate in the LRAP.

#### LRAP AWARD PERCENTAGE TABLE

<u>Applicable Income</u>	<u>Award Percentage</u>
Less than \$53,000	100%
\$55,000	90%
\$60,000	75%
\$65,000	60%
\$70,000	40%
\$75,000	25%
\$80,000	10%
More than \$80,000	ineligible

## 2. Nature of Benefits

Program participants will be issued two checks per year: one at the beginning of the calendar year for which participation is approved, and one in July. The dollar value of the checks will be calculated by subtracting the graduate's expected contributions, if any, from the amount of his or her calculated annual IDR. Each payment will constitute an interest-free loan to the participant. At the end of each six-month period of qualifying employment, the loan will be forgiven, and a new loan will be issued for the subsequent period if all program requirements have been met. Participants who leave the program before LRAP loans are forgiven will be required to repay the unforgiven portion of the loan. Any participant who becomes ineligible to continue in the program must notify the law school immediately upon becoming ineligible. Any funds received after a participant becomes ineligible must be repaid.

The details for repayment will be worked out individually with the Law School Financial Aid Office. It is expected that the terms of repayment will reflect the participant's salary after leaving qualifying employment. Interest will start to accrue as soon as the participant leaves qualifying employment.

The receipt of a loan under this program may create taxable income in the year of receipt or in the year any loan amount is forgiven or is terminated by the program.

## 3. Annual Income-Driven Repayment (IDR)

Annual IDR equals ten percent (10%) of discretionary income (the amount by which applicable income exceeds 150 percent of the federal poverty rate for a single person) and will be calculated by King Hall using applicable income and the federal poverty rate for a single person.

## IV. PROGRAM OVERSIGHT

Administration of the Loan Repayment Assistance Program will be under the Office of the Dean according to the following provisions:

The Law School Office of Financial Aid will oversee the program pursuant to the guidelines contained in the plan document.

Use of LRAP funds for purposes other than loan repayment is prohibited. Misuse of LRAP proceeds is grounds for expulsion from the program.

There shall be an Oversight Committee, subject to the authority of the Dean, composed of two students from the King Hall Legal Foundation, one designate made by

the Office of the Dean, three faculty members, and one alumnus.

The Committee's responsibilities shall include, but shall not be limited to: Interpreting and promulgating program rules and regulations so as to avoid potential abuses of the program.

Notifying all program participants of program requirements. Reporting annually to the Law School community on the progress of the program, on any eligibility changes, and on the program's financial condition.

Acting as a consultant to the Law School Financial Aid Office regarding any problems or ambiguities that might arise in the administration of the program.

Considering positions not listed in the employment eligibility provisions as qualifying for admission to the program.

Reviewing and adjusting annually the various schedules contained in this document in consideration of prevailing economic conditions.

## V. APPLICATION AND LOAN DISBURSEMENT PROCEDURES

### A. INITIAL APPLICATION PROCEDURES

Graduates applying for their first year in the program shall complete an application and provide the following:

1. Proof of employment with a qualifying organization. This proof would have to include a descriptive statement of the position held by the graduate, the office's address, the name of its director or other contact person, and a statement from the organization that it qualifies as a ' 501(c)(3), (4), or (5) tax exempt organization or as a local, state, or federal government agency.
2. Income information including salary (to be verified by the employer) and any additional anticipated sources of income from January 1 through December 31 for the year in which assistance is sought.
3. A list of educational debts, including the name of each lender for each loan, the month and year each loan went into repayment, the total borrowed under each loan, and the dollar amount of monthly repayment obligations per loan. Verification from each lender will also be required.

4. A signed copy of the graduate's federal income tax return, with all schedules, for the most recent calendar year.
5. If applicable, partner's federal income tax return, with all schedules, for the most recent calendar year.
6. A signed agreement that the graduate will report within a reasonable time any increase in income.
7. Clarification or follow-up documents as requested by the program administrator.

#### B. SUBSEQUENT APPLICATION PROCEDURE

Participation in the program will be on a year-to-year basis only. Once a graduate is admitted to the program, it will be his or her responsibility to reapply each year for continued assistance. The administrator will be responsible for distributing a reminder that reapplication is required. Each year the participant will have to resubmit the information required by above Sections V, A, 1, 2, 4, and 5. This information will be used to verify the income projections reported for participation during the previous year. Appropriate adjustments will be made if the information provided differs substantially from initial projections. Each participant must also certify mid-year that s/he is eligible to continue in the program as a pre-condition of receiving the July check.

#### C. DISBURSEMENT PROCEDURES

The Law School Financial Aid Office will distribute the program funds. The program will operate on a calendar year basis and payments will be made prospectively. Program payments will be disbursed twice annually: once in January and once in July. Recipients will be required to execute a promissory note.

#### VI. TERMINATION OF PARTICIPANTS

If upon verification the committee determines that a participant has not used the LRAP proceeds for payment of educational loans, the committee will terminate the recipient's participation in the program.