

December 2017 Revision, effective for calendar year 2018

# Notre Dame Law School

## Loan Repayment Assistance Program

### Detailed Program Description and Disclosures

#### I. ELIGIBILITY AND DEFINITIONS

A. *Eligible Graduates.* Any J.D. graduate of Notre Dame Law School who expects to work in a qualifying public interest or public service legal job during the following year, who expects to earn an annual salary under \$70,000 (after LRAP adjustments described below), and who owes principal on eligible loans can apply for LRAP assistance for the following calendar year. Eligible graduates may receive loan repayment assistance for a maximum of ten consecutive calendar years starting with the January immediately following their graduation from the Law School.

B. *Application Process.* The Program operates on a calendar-year basis. The distribution of funding under the Program is determined separately each year. Eligible graduates, whether or not they have previously received assistance under the Program, must submit an application each year by November 1st to be considered for loan repayment assistance in the following calendar year. Benefits are awarded for one calendar year at a time. The application form and information are available on the LRAP web page.

A graduate who has not yet received an offer of qualifying employment before the November 1st application deadline but who is seeking or plans to seek such employment and expects to receive an offer by March 1st of the following year may apply for loan repayment assistance contingent upon receiving and accepting such an offer. Such a graduate must complete an application by the November 1st deadline and must include in his or her application information about the specific jobs for which the graduate has applied and when a decision is expected.

C. *Qualifying Employment.* An eligible graduate must hold or have accepted full-time employment that directly uses the skills and knowledge gained from the graduate's legal education to perform public interest, public service, or other similar employment. Public interest includes work for not-for-profit organizations that provide legal services to a low-income population or that serve the public good. Public service means work for a governmental body, including public defender and prosecutor positions and military employment. Certain positions in state and federal courts, such as staff attorney positions, may qualify as public service. Public service does not include so-called "elbow clerkships" (judicial clerkships for individual judges) in federal courts or in the highest court in a state. Positions in the Law School's Bridge to Practice Program are not considered qualifying employment. The Law School has discretion to determine whether a position is considered qualifying employment, including the discretion to disqualify employment that contradicts the teachings of the Catholic Church.

*D. Eligible Loans.* To qualify for loan repayment assistance, an eligible graduate must have personally incurred student loans totaling \$10,000 or more, processed and approved by a law school or university financial aid office, to finance the cost of earning a J.D. degree. Qualifying loans include those incurred while enrolled in a J.D. program either at Notre Dame Law School or, for transfer students, at another law school where the transfer student completed the first year of legal studies. Student loans from both the government and private financial institutions are eligible for LRAP assistance.

Loans incurred in connection with an LL.M. or J.S.D. degree are not eligible for loan repayment assistance. If a graduate earns a joint degree, loans associated with the non-J.D. portion of that degree are also excluded from LRAP benefits. For example, tuition and costs for Notre Dame's 4-year joint J.D./M.B.A. degree are allocated 62.5% to the J.D. degree and 37.5% to the M.B.A. degree. Loan payments on non-J.D. student loans are included as deductions from gross salary as discussed below.

Bar loans are not eligible for loan repayment assistance and are not factored into deductions from gross salary.

*E. Income Eligibility.* Income eligibility is based on the graduate's gross salary for the qualifying public interest or public service position, including bonuses, overtime or any other compensation such as any basic allowance for housing or subsistence if either is received as a direct result of employment. The gross salary will be adjusted downward for the following:

1. \$4,150 for each child under the age of 24 who would qualify as the graduate's dependent under the Internal Revenue Code, and
2. Non-J.D. student loan payments that will be due during the calendar year.

The graduate's annual salary, adjusted for those deductions, is the "LRAP Adjusted Salary." A graduate with an LRAP Adjusted Salary below \$70,000 is eligible for LRAP benefits.

LRAP does NOT consider assets, spousal income, or income that is not derived from the graduate's qualifying public interest or public service position.

Any change in the participant's salary must be reported to the Program Coordinator within thirty days of taking effect. Annual raises of 5% or less will not affect LRAP benefits, though they must still be reported.

*F. Maximum Loan Repayment Assistance Period.* Eligible graduates may receive loan repayment assistance for a maximum of ten consecutive calendar years starting with the January immediately following their graduation from the Law School.

## II. LOAN REPAYMENT ASSISTANCE

*A. Amount of LRAP Loan Repayment Assistance.* If the graduate’s LRAP Adjusted Salary is \$55,000 or less, the Law School will provide the graduate with a loan (“LRAP loan”) to cover 100% of the graduate’s actual payments on eligible J.D. loans that will become due during the year the repayment assistance is provided (calculated using a repayment period of at least 10 years on eligible loans). If a graduate’s LRAP Adjusted Salary is between \$55,000 and \$70,000, the Law School will provide an LRAP loan on a sliding scale to cover a portion of the graduate’s payments on eligible J.D. loans. The following formula will be used to calculate the percentage of the graduate’s payments that will be covered by LRAP loans:

$$1 - ((\text{LRAP Adjusted Salary} - 55,000) / 15,000) \times 100$$

The table below is provided for illustrative purposes to demonstrate the percentage of a graduate’s loan payments that will be covered by LRAP or by the graduate at various salary levels.

<b>LRAP Adjusted Salary</b>	<b>LRAP Contribution to Loan Payments</b>	<b>Graduate’s Contribution to Loan Payments</b>
\$55,000 or less	100%	0%
\$57,500	83.3%	16.7%
\$60,000	66.7%	33.3%
\$62,500	50.0%	50.0%
\$65,000	33.3%	66.7%
\$67,500	16.7%	83.3%
\$70,000 or more	0%	100%

*B. Cap on Annual Benefits.* LRAP loans are subject to a cap set annually by the Law School. For 2018, the cap on annual benefits will be \$15,000 per participant.

*C. Reduction for Amounts Received from Other Loan Repayment Assistance Programs.* If a graduate receives benefits from another loan repayment assistance program, such as a government or employer-based program, intended to help the graduate make monthly payments on J.D. loans, the Law School will reduce the amount of any repayment assistance under this Program on a dollar-for-dollar basis.

*D. Allocation of Limited Resources.* This Program operates on limited funding. The total amount available for loan repayment assistance will be determined annually by the Dean. The Law School has discretion to select the eligible graduates each year to receive loan repayment assistance. There is no guarantee that graduates selected one year will be selected in future years.

### **III. LOAN REPAYMENT AND FORGIVENESS**

*A. Loan Forgiveness.* If a graduate completes twelve months of qualifying employment after the graduate's first day of participation in LRAP, the Law School will completely forgive any of the graduate's outstanding LRAP loans after the graduate provides verification of that time in qualifying employment as detailed below in Section IV.D. Once a graduate has earned full forgiveness, LRAP loans for any subsequent periods the graduate spends in qualifying employment will be forgiven after the graduate provides the required verification.

*B. Repayment of Advances.* LRAP loans are typically disbursed in six-month increments to assist graduates in making future monthly J.D. loan payments. For example, graduates typically receive a disbursement in January as an advance to assist with J.D. loan payments during the first half of the calendar year and a second advance in July to assist with payments during the second half of the calendar year. The purpose for advancing LRAP payments is to ensure that participants will have sufficient resources on hand to make their loan payments. Those advance payments are based on estimates of graduates' salaries and their future loan payments.

Inevitably, some participants' circumstances change during the year, rendering these estimates inaccurate and necessitating a re-calculation of the LRAP loan assistance for which the graduate is eligible. If a graduate leaves qualifying employment before the end of such a six-month period, the graduate must repay immediately any portion of the disbursement that was intended to cover J.D. loan payments during the remainder of that six-month period. Repayment obligations are calculated in whole months only. If a graduate leaves qualifying employment before the 15th of the month, the graduate must repay any loan assistance received for that month. If a graduate leaves qualifying employment on or after the 15th of the month, the graduate will not be required to repay any loan assistance received for that month.

Similarly, if changes in a graduate's financial information or other circumstances reduce the amount of assistance for which the graduate is eligible, the graduate must repay promptly from the remainder of the disbursement any excess the Program Administrator calculates. The Law School reserves the right to recall for immediate repayment any outstanding loans or advances if the graduate has not used the provided funds to make payments on eligible loans.

*C. Taxation.* Section 108(f) of the Internal Revenue Code of 1986, as amended, specifies the circumstances in which graduates can exclude any loan amounts forgiven by the Law School from gross income. Graduates should consult a tax advisor regarding the tax consequences of any loans forgiven under this Program.

*D. Repayment of LRAP Loans Other Than Advances.* When a graduate leaves qualifying employment before earning full loan forgiveness, the Program Administrator will promptly calculate the amount of LRAP loans the participant will be required to repay, if any, and will so inform the graduate. After consultation with the graduate, the Program Administrator will set a repayment period that will not exceed three years but may be shorter than that period. No interest will be charged and no repayment will be required earlier than 30 days after leaving qualifying employment. Any subsequent interest on LRAP loans shall accrue at an annual rate equal to the

prime rate beginning from the date of repayment, as quoted in *The Wall Street Journal* on that date. Graduates may prepay LRAP loans with no penalty.

## **IV. PROCEDURES AND ADMINISTRATION**

A. *Dates.* The Program operates on a calendar-year basis. The distribution of funding under the Program is determined separately each year. Eligible graduates, whether or not they have previously received assistance under the Program, must submit a complete application each year by **November 1<sup>st</sup>** to be considered for loan repayment assistance in the following calendar year. The Law School will strive to announce funding decisions under the Program by Christmas. If a graduate selected for loan repayment assistance has started qualifying employment and debt repayment by January 1st, the Law School will make a disbursement for the first six months of the year during January and for the second six months during July. If a graduate selected for loan repayment assistance has not started qualifying employment or debt repayment by January 1st, the first disbursement will occur once the graduate starts employment and debt repayment, and the second disbursement will occur during July.

B. *Application Materials.* Graduates can obtain application forms and information from the Law School's website. The application materials require, at a minimum:

1. Proof of employment, acceptance of an offer of employment in qualifying employment, application for qualifying employment, or evidence of at least one position that the applicant plans to apply for as soon as eligible, as well as a description of the job salary (verified by the employer).
2. A current resume including dates of any relevant employment.
3. A copy of a current pay stub from the participant's qualifying position to verify gross salary. If the applicant is not currently employed, this information will be required as soon as it is available.
4. A list of educational loans taken by the graduate and information regarding these loans, including documentation of the original amount of the outstanding debt, monthly payments due during the calendar year for which the graduate seeks assistance, and the date on which payments began or will begin. In addition, a copy of the graduate's report from the National Student Loan Data Base System is required (see application for web site address).
5. Any additional or clarifying information or documents as requested by the Law School.

C. *Promissory Note.* The Law School will require all graduates selected to receive loan repayment assistance to sign a promissory note before the Law School will disburse any loans.

D. *Continuing Verifications of Income and Loan Payments.* Twice each year, in January and June, participants will be required to verify employment, salary, and loan payment status by submitting updated pay stubs and records of loan payments to lenders.

E. *Notification of Changes in Graduate Information.* Graduates who are selected to receive loan repayment assistance are expected to provide notice to the Law School of any changes in their personal circumstances within 30 days of the change. These changes include but are not limited to: (1) voluntary or involuntary termination from the qualifying employment described in the application; (2) a change in salary; (3) a change in loan payment terms or amounts; (4) receipt of loan repayment assistance for J.D. loans from another program; (5) a leave of absence, whether paid or unpaid, from qualifying employment for greater than one month; and (6) a change in any personal contact information, including e-mail address, cell phone number, or residential address. Depending on the nature of the change, it may trigger loan repayment by the graduate as described in this policy or cancellation of a disbursement during the year the graduate was selected to receive loan repayment assistance. A graduate who fails to inform the Law School within thirty days of any of the above-listed changes in circumstances will be subject to immediate repayment of any amounts that the Law School loaned to the graduate during that year.

F. *Program Administration.* The Dean will appoint the Advisory Committee, the Program Administrator, and the Program Coordinator to administer the Program. The Advisory Committee, the Program Administrator, and the Program Coordinator will periodically review and evaluate the Program and will recommend any changes to the Dean. The Dean will determine the amount of funding available for the Program each year.