

# **District of Columbia Bar Foundation**

## **Guidelines for the DC Poverty Lawyer Loan Assistance Repayment Program Act of 2006**

### **Program Description**

#### **Overview:**

The District of Columbia Bar Foundation is a non-profit tax exempt charitable organization that supports legal service providers in the District of Columbia. The Bar Foundation's Loan Repayment Assistance Program (DC-LRAP) program is designed to help D.C. non-profit tax exempt charitable legal services organizations recruit and keep qualified staff attorneys. The twin goals of the program are to help out poverty lawyers in the District of Columbia who have incurred significant educational debt, and, at the same time, increase the number of experienced, skilled lawyers working in legal services in the District of Columbia. This program implements the DC Poverty Lawyer Loan Assistance Repayment Program Act of 2006, DC Act 16-512 ("DC Poverty Lawyer LRAP"), and is limited to lawyers who both live and work in the District of Columbia. The Bar Foundation also administers a non-residency based LRAP for DC legal services lawyers, the Foundation LRAP. A consolidated application process has been established that allows the Bar Foundation to accept and consider all applications for both programs. The Bar Foundation has adopted the following principles and basic procedures, based on 1 DCMR, Ch. 24, and the DC Poverty Lawyer Loan Assistance Repayment Program Act of 2006. The Bar Foundation reserves the right to revise these guidelines from time to time.

#### **1. Term of Assistance**

The program provides for one-year loans, payable semi-annually with a 12-month service requirement. There is no cap on the number of years a lawyer may participate in the program, but no one lawyer may receive more than a combined total of \$60,000 through this program and the complementary, non-residency based program. Continued assistance is subject to the availability of funding, and the level of assistance depends in part on the number of qualified applicants. Participants' initial applications are for one year of assistance, which carries a 12-month service obligation in order for the loan to be completely forgiven. Participants may apply for subsequent loans thereafter, each subject to a 12-month service obligation.

## **2. Contingent on Annual Funding**

Continued operation of the program will depend on continuing availability of funding in succeeding years. Assistance will be provided only to the extent that funds are available.

## **3. Extent of Assistance**

A maximum of \$12,000 per year, or \$6,000 semi-annually, may be awarded to each approved applicant, to be distributed semi-annually. If the number of qualified applicants exceeds the pool of resources available for loan forgiveness, the DC Bar Foundation maintains ultimate discretion in determining the level of assistance and the allocation of funds. Priority will be given to certain categories of applicants, as described in Section 7(c), if eligible requests for assistance exceed the amount of available resources.

## **4. Nature of Assistance**

Benefits are distributed in the form of a one-year loan, which is forgiven at the end of the associated 12-month service obligation period, provided the participant maintains eligibility. Assistance is designed to be non-taxable. See Section 13. Loans are disbursed semi-annually. The participant shall execute a promissory note in a form provided by the Foundation, which shall be extinguished upon completion of the related service obligation and maintenance of eligibility.

## **5. Eligibility Requirements**

Applicants and participants must meet the following eligibility standards in order to qualify for a loan and to have the loan forgiven:

### **a. Nature of employment**

(i) eligible employer: Applicants must be employed full time with a non-profit tax-exempt charitable 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. A list of eligible employers is on the Foundation's website; organizations may be approved in the Foundation's sole discretion. Government employment does not qualify. Employers seeking to be added to the list of eligible employers should submit a request on the organization's letterhead to the Bar Foundation, signed by the organization's Executive Director of Director of the organization's legal program, with a detailed explanation of the basis for inclusion. Requests for eligible employer status made by e-mail or telephone will not be considered. The DC Bar Foundation 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. Organizations may seek review of the Executive Director's decision from the President of the DC Bar Foundation Board of Directors.

(ii) Qualifying employment: Applicants must be employed fulltime in a position that requires a law degree. “Full-time” is defined as at least 35 hours a week for 45 weeks per year. Qualifying leave (such as family medical leave, parental leave, and armed services leave) will be credited as qualifying employment for up to 6 months. This 6-month limit is waivable at the discretion of the DC Bar Foundation.

b. Qualifying income: Applicants’ individual annual income cannot exceed the income cap set by the Foundation, and established pursuant to the DC Poverty Lawyer LRAP Act and 1 DCMR, Ch. 24. For 2009-2010, the income cap is \$65,000 per year. Thus, applicants with income of \$65,000 and over are not eligible for assistance. The Foundation uses the applicant’s reported adjusted gross income to gauge individual annual income. 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.

c. Bar Admission: Applicants must be graduates of an accredited law school and be (i) licensed to practice, and in good standing, in the District of Columbia; (ii) licensed to practice law, and in good standing, with the bar of any state, with an application for admission to practice in the District of Columbia pending; or (iii) authorized under the provisions of Rule 49(c)(9) of the District of Columbia Court of Appeals to practice law in the District of Columbia.

d. DC Residency: All applicants must both work and live in the District of Columbia in order to be eligible for assistance under the DC Poverty Lawyer LRAP.

e. Loan Repayment Status: A participant’s educational loans must be in satisfactory repayment status.

f. Application to Other Loan Repayment Programs: Applicants must make appropriate application to all loan repayment programs for which they might be eligible. Applicants must check with their schools and employers to find out whether they might be eligible for a loan repayment program. In addition, applicants should seek to determine their eligibility for federal loan repayment programs, including the College Cost Reduction Act and income based repayment (IBR) program. General loan repayment programs information is available at the Equal Justice Works website at [www.equaljusticeworks.org](http://www.equaljusticeworks.org). The Foundation also takes into account fellowships that applicants may have received. The Foundation maintains the discretion to adjust any assistance paid based on an applicant’s apparent eligibility for another loan repayment program.

## 6. Debt Eligibility

With the limitations set out below, the DC LRAP applies to all educational debt based on loans from commercial and government lending institutions, as well as university or other private institutional loans associated with educational debt. Family and personal loans are excluded. There is no minimum annual debt payment load required for eligibility, although the Foundation will take the relative debt load of applicants into consideration when allocating benefits.

a. Law School Loans: The DC Poverty Lawyer LRAP applies only to debt associated with obtaining a law degree. The Foundation LRAP also applies to such loans. Under the DC Poverty Lawyer LRAP, 100% of current consolidated educational debt service is considered to be going to law school debt, and is eligible debt, up to the lesser of (i) the full amount of the applicant's law school debt or (ii) the \$60,000 lifetime cap.

b. Undergraduate and Other Graduate School Loans: The DC Poverty Lawyer LRAP does not apply to loans associated with educational debt from undergraduate schools or graduate schools other than law schools. Such debt is eligible for assistance under the Foundation LRAP. See the Foundation LRAP Guidelines for more information.

c. Other Debt: Loans for other purposes are not covered by either the DC PLLRP or the Foundation LRAP program.

## 7. Selection Guidelines

In reviewing applications and in making selections for benefits, the DC Bar Foundation shall be guided by the following selection guidelines.

- a. relative need among applicants;
- b. demonstration by applicant of continuing commitment to address the legal needs of lower income and underrepresented individuals;
- c. if the needs of eligible applicants exceed the loan repayment resources available in any fiscal year, priority shall be given to applicants who:
  - (i) are graduates of accredited public schools of law in the District of Columbia;
  - (ii) have committed to a longer service obligation;
  - (iii) have graduated from an accredited law school within the last three years; or
  - (iv) have a disparate debt to adjusted gross annual income ratio as compared to other eligible applicants.

The Foundation maintains the right to consider any relevant information in awarding loans, including in setting the level of benefits for each applicant. Applicants are encouraged to provide the Foundation with all information that may assist in making this decision.

## **8. Change in Status**

Participants are required to inform the Foundation about any change in status that would affect eligibility. This includes changes in residency, employment, and income. Note that a change in any of these eligibility factors may affect continued assistance and ultimate forgiveness of the loan. Participants who leave eligible employment before completion of the applicable service obligation will be required to repay the loan under the terms of the promissory note. Note that any participant who reaches the lifetime assistance cap of \$60,000 will be ineligible for further assistance, but will continue to receive forgiveness of the loans awarded, so long as the participant is otherwise eligible.

## **9. Service Obligation Schedule**

DC LRAP loans under both the DC Poverty Lawyer LRAP and the Foundation LRAP require 12 months of qualifying service for each one-year loan. Participants may apply for, and receive loans each year, and each new loan will require 12 months of qualifying service in order to be forgiven. Service obligation periods may be consecutive.

## **10. Application Procedure**

Applications, available from the Foundation, are accepted in November of each year. Check the Foundation's website at [www.dcbarfoundation.org](http://www.dcbarfoundation.org) for details. To the extent funds are available, the Foundation may accept mid-year applications. All applications received will be considered for assistance under both LRAP programs administered. All attorneys who want to participate in the program must complete an application, which must include:

- a. a list of undergraduate and graduate school debts<sup>1</sup>, including law school, including the name of each lender for each loan, the month and year repayment of each loan began (or is scheduled to begin), the total outstanding balance, and the dollar amount of monthly/quarterly payments;
- b. information about income;
- c. information about residency;
- d. employer certification of employment and salary; and

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<sup>1</sup> Although undergraduate and non-law school graduate loans are not covered by the DC Poverty Lawyer LRAP, they may be covered by the Foundation LRAP. Because the application process for the two programs is consolidated, all applicants are requested to provide information on undergraduate, law school, and other graduate school debt.

- e. information regarding the applicant/participant's participation in any other loan forgiveness program, the applicant/participant's eligibility for any other loan repayment program, and the amount of loan repayment assistance received.

### **11. Processing of Requests**

The Bar Foundation will process all applications with appropriate confidentiality. After compiling the total amount of the requests for assistance and determining the amount of forgivable loans that can be offered based on funding, and the factors outlined in Section 7, above, the Foundation's LRAP Committee will make recommendations to the DCBF Board, which makes final decisions concerning applications for assistance under this program. The DC Bar Foundation will notify applicants of the decision.

### **12. Loan Disbursement**

Applicants selected for assistance will promptly execute loan documents. The Bar Foundation will make loan disbursements on a semi-annual basis after receipt of the executed note. Failure to promptly execute documents may result in forfeiture of the loan.

### **13. Income Tax Liability**

The Bar Foundation intends and believes in good faith that the discharge of loans issued by the Bar Foundation under this program would not create taxable income for loan recipients under the Internal Revenue Code, based on the exemption provided by 26 U.S.C. Section 108(f), as amended. Nevertheless, each recipient is responsible for determining his or her income tax liability and making all required disclosures to the Internal Revenue Services and any other taxing entity.