

# **District of Columbia Bar Foundation**

## **Poverty Lawyer Loan Repayment Assistance Program Guidelines**

### **Program Description**

#### **Overview:**

The District of Columbia Bar Foundation is a non-profit organization that supports legal service providers in the District of Columbia. The Foundation's Loan Repayment Assistance Program (Foundation LRAP) was established in 2006 for lawyers employed in the District of Columbia in non-profit organizations serving the legal needs of low-income or underrepresented individuals. 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. The Bar Foundation also implements a loan repayment assistance program under the DC Poverty Lawyer Loan Assistance Repayment Program Act of 2006, DC Act 16-512 ("DC Poverty Lawyer 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 in accordance with 1 DCMR, Ch. 24; the DC Poverty Lawyer LRAP Act, and based on similar programs in other jurisdictions. 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, 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. Loans may be renewed in one year increments, 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: 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 poor and underserved, and that is eligible for funding from the DC Bar Foundation. A list of qualifying 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 qualified employers should submit a letter, signed by the Director, with a detailed explanation of the basis for inclusion. Assistance paid to applicants working part-time will be pro-rated. 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 shall not exceed the income cap set by the Foundation. For 2006-2007, the income cap is \$65,000 per year. Thus, applicants with annual income of \$65,000 and over are not eligible for assistance. The Foundation typically 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: LRAP funds appropriated under the DC Poverty Lawyer LRAP Act are available only for DC residents. There is no residency requirement for Bar Foundation LRAP funds. Note that all applicants must be working in the District of Columbia in order to qualify for assistance under either program.
- 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. 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 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: Applicants' debt from law school loans is 'eligible debt' under both the Foundation LRAP and the DC Poverty Lawyer LRAP. Under the DC Poverty Lawyer LRAP, the Foundation treats 100% of an applicants' current debt service as going to law school education debt, up 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: Applicants' debt from undergraduate and other graduate school loans is eligible debt under the Foundation LRAP. Such debt is not eligible for assistance under the DC Poverty Lawyer LRAP.

## **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 financing 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, and in setting the level of benefits for each applicant. Applicants are encouraged to provide the Foundation with all information that may assist in making these decisions.

## **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. 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 relevant portion of 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 require 12 months of qualifying service for each one-year loan. Loans may be renewed in one-year increments, and each will require an additional 12 months of qualifying service in order to be forgiven in full. Service obligation periods may be consecutive.

## **10. Application Procedure**

Applications, available from the Foundation, are typically accepted in November of each year. 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, 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;
- 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 these 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 Board's LRAP Committee will make final decisions concerning applications for assistance under this program. The DC Bar Foundation will notify applicants of the decisions.

## **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.