



BOSTON UNIVERSITY SCHOOL OF LAW
LOAN REPAYMENT ASSISTANCE PROGRAM

Program Description and Terms
October 2010

Introduction

Boston University School of Law has a strong tradition of commitment to public service. It also recognizes the burden that educational debt may present to those interested in pursuing public interest careers. The purpose of the Boston University School of Law Loan Repayment Assistance Program (“LRAP” or “Program”) is to ease the burden of educational debt for alumni who choose to spend all or a portion of their careers in public service.

As described in greater detail below, the Loan Repayment Assistance Program will make loans available to eligible graduates who are selected for participation in the Program. Loan funds, which are distributed annually, are to be used to repay educational debt. If the participant remains eligible throughout the course of the calendar year (including by remaining in public interest employment), the entire balance of the Program loan will be forgiven at the end of the year. If the participant does not meet the criteria for loan forgiveness (by, for example, leaving a public interest job), the loan will be repayable according to its terms.

The Boston University School of Law is strongly committed to the Loan Repayment Assistance Program. However, neither the existence of the Program nor the criteria used by the Program to determine eligibility or calculate the amount of the awards is guaranteed. Eligibility criteria and other terms of the Program will be determined at the discretion of the School of Law and may be modified as Program resources, participation rates, indebtedness of participants, and the legal landscape changes.

Program Administration and Participation

The Boston University Loan Repayment Assistance Program is administered by the Loan Assistance Committee. Graduates of the Boston University School of Law Juris Doctor program may apply to receive funding through the Program at any time within ten years of graduation. The Loan Assistance Committee evaluates applications on a case-by-case basis and awards funds, as available, based on the Committee's determination of the greatest need. In reviewing applications, the Committee evaluates the following criteria: (1) employment in a qualifying public interest position; (2) total annual income and certain assets; and (3) outstanding educational debt. Each of these criteria, and other factors considered by the Committee (including the availability of other loan assistance programs), are described below.

Qualifying Employment

The Program is intended to assist graduates who have chosen public interest legal careers. In order to qualify for the Program a graduate must currently be employed, or scheduled to begin employment, in a salaried position that makes direct use of his or her legal education in the public interest or public service sector. Public interest work is understood to be employment by an entity whose stated purpose is the advancement of a vision of public good that is broader than the interest of particular clients. Public service is generally indicated by employment with a government agency. Qualifying employment may include employment by the following types of employers:

1. *Government:* Local, state, or federal government agencies that have as their primary purpose the rendering of legal services on behalf of the public.
2. *Tax-Exempt Organizations:* Organizations, qualifying for tax exemption under Internal Revenue Code sections 501(c)(3), 501(c)(4), or (501)(c)(5), that provide direct legal services to clients who are indigent, disabled, homeless, elderly, juveniles, non-English speaking, deprived of human rights, or members of traditionally underrepresented groups.
3. *Other Non-Profit Organizations:* Other entities providing law-related services in the public interest for individuals and organizations that cannot otherwise afford legal services, or whose interests are not otherwise adequately represented.

Permanent judicial clerkships and staff attorney positions constitute eligible employment, but non-permanent judicial clerkships do not. Further, IRS rules prohibiting employer-provided loan cancellation prevent Boston University employees from participating in the LRAP Program.

In determining whether an organization offers qualifying employment, the Loan Assistance Committee will consider the organization's history and viability. The Committee, in its sole discretion, determines whether a particular job meets the Program eligibility criteria. All decisions of the Committee are final.

Income and Asset Qualification

In evaluating each application, the Committee will consider the applicant's current income, expected income for the calendar year in which the award will be made, and certain assets. Specifically, the applicant must disclose and the Committee will consider:

- The applicant's total current income and expected income for the calendar year in which the award will be made;
- The applicant's spouse's total current income and expected income for the calendar year in which the award will be made; and
- The total estimated value of all asset(s) owned by the applicant and/or his or her spouse in excess of \$10,000. Retirement assets, such as 401(k) accounts or Individual Retirement Accounts, will not be considered and therefore need not be disclosed. Loans associated with any asset may be identified (e.g., mortgage(s) associated with a home).

The applicant may identify any dependents for whom the applicant and/or his or her spouse has principal financial responsibility. The Committee will deduct \$3,000 from the applicant's total income and assets for each dependent.

Educational Debt

In reviewing the applicant's educational debt, the Committee will consider only those loans made for educational purposes. Accordingly, the applicant must disclose and the Committee will consider loans made to meet the undergraduate, graduate and/or law school expenses of the applicant and/or his or her spouse. Expenses may include tuition, fees, room and board, and related direct expenses, up to the standard student budget for expenses under the undergraduate or graduate institution's approved and certified loan programs. Loans for bar examination and

preparation expenses may be included. Applicants must be current on all outstanding educational loans; individuals who are delinquent or in default on any student loan payments will not be eligible for the Program.

Eligible educational debt does not include other forms of indebtedness such as consumer, personal loans, or family loans (e.g., mortgages, automobile loans, and credit card debt). If eligible educational loans have been consolidated or refinanced with non-education related debt, the loan will not be eligible for the Program.

Other Considerations

The Committee has traditionally preferred to provide awards to recent graduates, as they often have higher educational debt than those who have been in the workforce for longer periods. However, the Committee evaluates each application on a case-by-case basis.

The Committee also considers the types of loans that were available to applicants at the time they applied for their student loans. For example, recent graduates have had the opportunity to borrow through the Federal Direct Graduate PLUS Loan Program ("Grad PLUS"), which became available July 1, 2006. Many students who borrowed through the Grad PLUS program will have an opportunity to participate in Income Based Repayment and Public Service Loan Forgiveness programs.

Application Procedure

Applicants must submit the following documentation on or before December 1 to be considered for an award for the following calendar year:

- Loan Assistance Repayment Program Application Form;
- Employer Verification Form; and
- Confirmation of the applicant's and his or her spouse's monthly educational loan payment(s) and payment plan(s).

Applicants should forward this documentation to the School of Law Office of Financial Aid at the following address:

Boston University School of Law
Office of Financial Aid
765 Commonwealth Avenue
Boston, MA 02215

Applicants must submit an application and the required documentation for each calendar year for which the applicant seeks an award. The Committee evaluates applications and makes awards each year on a case-by-case basis. Although the Committee considers an applicant's prior participation in the Program, receipt of an award does not guarantee that the participant will receive an award in a subsequent year.

Loan Disbursements

LRAP awards are disbursed to participants as loans, which are forgivable or repayable to the Program as outlined below. The amount of any loan awarded by the Program is determined by the Committee, in its sole discretion, and all decisions of the Committee are final.

The loan is disbursed in January of the applicable year. The participant will be required to sign a promissory note in the amount of the loan. Interest does not accrue on an LRAP loan unless and until the participant no longer qualifies for Program participation.

Maximum Annual Loan: The Program will loan no more than \$10,000 to an applicant in any one calendar year.

Maximum Aggregate Amount: The Program will loan no more than \$60,000 to an applicant over the course of his or her participation in the Program.

Loan Forgiveness and Loan Repayment

LRAP loans are repayable to the Program unless the obligation to repay the loan is forgiven by the Program.

The Program will forgive LRAP loans after a participant remains in qualifying employment for twelve consecutive months and provides confirmation that the loan funds have been applied to the graduate's qualifying educational debt. If a participant has been engaged in qualifying employment prior to applying for the Program, those months of qualifying employment will count towards the twelve consecutive month requirement. If a participant has already completed twelve consecutive months of qualifying employment prior to applying for the Program, the loan will be forgiven once the promissory note is completed, the loan funds have

been disbursed, and the participant has provided confirmation that the loan funds have been applied to the participant's qualifying educational debt.

A participant who fails to complete the required twelve months of qualifying employment may receive partial loan forgiveness at the discretion of the Committee. Participants who wish to be considered for partial forgiveness must submit updated employment verification and income information. The Committee will consider the updated information and may approve forgiveness of a pro-rated portion of the loan based on the months of qualifying public interest employment. Whether a loan will be partially forgiven, and the amount of any such forgiveness, will be determined by the Committee, in its sole discretion. All decisions of the Committee are final.

Loans that become repayable to the Program will be governed by the terms set forth in the promissory note(s) executed by the participant. The loan will be amortized on a monthly basis over ten years at the Boston University general student loan rate of interest to new borrowers as of the time the loan was made. As of October 2010, the rate for most University loans is 5% per year, although the rate for some loans is as high as 8%. On the date the participant no longer qualifies for the Program interest will begin to accrue and the ten-year repayment period will begin. The University extends a 90 day grace period; therefore, the initial payment is not due until 90 days after the loan becomes repayable. The participant may pay all or part of the outstanding balance before it is due without penalty.

NOTE REGARDING TAXABILITY: The forgiveness of LRAP loans is, in most cases, not subject to federal income tax pursuant to Section 108(f) of the Internal Revenue Code, which details the requirements for tax-free forgiveness. Please refer to IRS Publication 970 for an overview of the treatment of LRAP loan forgiveness, as well as the deductibility of student loan interest payments. In providing this information Boston University is not rendering, or purporting to render, legal or accounting advice. Participants are strongly encouraged to consult with their tax advisors regarding the tax consequences of any loan forgiveness.

Participant Responsibilities

All participants are expected to abide by the rules and requirements of the Program. Participants must notify the Office of Financial Aid within 30 days of becoming aware of any change in circumstances that may affect eligibility, including changes in employment, salary, marital status, or loan repayment status.

If a participant fails to notify the Office of Financial Aid within 30 days of becoming aware of any change in circumstances that may affect eligibility, the Committee, in its sole discretion, may impose fines or other penalties. If the Committee determines that a participant's failure to notify the Office of Financial Aid of material changes was intentional or that a participant has used Program loan funds for any purpose other than the repayment of qualifying educational debt, the Committee may terminate the participant's participation in the Program. If participation is terminated, any outstanding loan(s) will become repayable. Terminated participants may also be disqualified from receiving receive future loans. Termination and disqualification are determined by the Committee, in its sole discretion, and all decisions of the Committee are final.

For further information, please contact us at:

Boston University School of Law
Office of Financial Aid
765 Commonwealth Avenue
Boston, MA 02215
Tel: 617.353.3160
Fax: 617.353.0578
bulawaid@bu.edu