PROGRAM DESCRIPTION

The Robert H. McKinney School of Law Loan Repayment Assistance Program (LRAP) assists the law school’s graduates who are employed in qualifying non-profit organizations/governmental agencies dedicated to serving the legal needs of low-income individuals and families in Indiana – public service occupations with unmet needs – by providing loans to refinance existing educational debt and to reduce the burden of educational loan payments. LRAP loans are forgiven contingent upon achievement of employment criteria outlined herein.

PROGRAM ELIGIBILITY

All Indiana University Robert H. McKinney School of Law J.D. degree recipients, regardless of geographic location, who are at least six (6) months post-graduation as of the date of application, are eligible to apply for assistance. (This time interval takes into consideration the grace period for law-related loans.) The following eligibility standards apply to loans and employment:

1. Types of Loans Covered: Federal Family Educational Loans including Stafford, Supplemental, Grad PLUS and Consolidation loans, Federal Perkins Loans, and educational loans borrowed through established student loan programs (i.e., Law Access Loans). Graduates with delinquent or defaulted accounts are not eligible for assistance. Loans in forbearance or deferred status are not eligible for assistance. Federal Parent Loans for Undergraduate Students (PLUS) and loans borrowed from and/or by family members are excluded.

2. Qualifying Employment: The graduate must be employed in full-time, law-related public interest work. Public interest work is defined as employment where the primary purpose of the work is the representation of the interests of an individual or group of individuals for which, for various economic, political, or social reasons, are not adequately represented. Examples of such employment include legal services offices, public defenders, prosecutors and
other appropriate government agencies and advocacy groups. Judicial clerkship appointments are not considered eligible employment.

3. **Qualifying Employer:** The employer must be a 501(c)(3) organization or the federal, state, or local government.

4. **Qualifying Annual Salary:** Annual household income from all sources (applicant and spouse/domestic partner, if applicable) cannot exceed $60,000.

**ASSISTANCE**

Up to 50% of the LRAP applicant’s annual student loan payments (up to a maximum LRAP loan of $5,000) may be awarded to each approved applicant. Loan assistance shall be paid semi-annually directly to the participant. Following verification that the loan was used to pay for covered loans and verification that qualifying employment continued for the duration of the lending period, the loan will be forgiven.

LRAP loans are made possible by the fundraising efforts of the McKinney Chapter of Equal Justice Works and other members of our legal community who have generously contributed to the LRAP Endowment. The total amount of funds available each year for awards may vary.

**APPLICATION AND VERIFICATION PROCEDURES**

Applications are due by 5 p.m. EST on 15 March. The application must be complete and returned with all requested documentation to the LRAP Administrator by the deadline for consideration. All information submitted in the application is confidential. All submitted documents become the property of the law school and shall not be returned.

If awarded a loan, the participant shall submit documentation regarding employment and student loan payments semi-annually in compliance with the deadlines specified in the award letter. Any change in financial circumstances or employment status shall be reported immediately by the participant to the LRAP Administrator.

Applicants are eligible to reapply on a yearly basis.

**DETERMINATION OF LOANS**

After the application deadline, based on the total amount of funds available, the LRAP Administrator will award loans to qualified applicants with the greatest financial need. For single applicants, financial need will be determined by calculating the total annual household income from all sources less a $5,000 deduction per qualified dependent. For married applicants or applicants with domestic partners, financial need will be determined by calculating the total annual household income from all sources, less a $10,000 deduction from the spouse’s/domestic partner’s income, less the
spouse’s/domestic partner’s annual educational loan repayment (loans must be current to be used as an income deduction; see “types of loans covered” under program eligibility for loan standards), and less a $5,000 deduction per qualified dependent.

NOTIFICATION TO APPLICANTS

All applicants will be notified via email of the results of their application no later than thirty (30) days after the program’s application deadline. Applicants who are selected as participants will be emailed further information and instructions.

LOAN DISBURSEMENTS TO PARTICIPANTS

Assistance from the LRAP must be used by the participant to pay for the LRAP applicant’s educational loan debt. Assistance will be distributed in the form of a check equaling one-half of the total annual LRAP loan amount. In order to receive the second half of LRAP loan funds, the participant must submit proof of educational loan payment(s) and qualifying employment during the prior six (6) months by the deadline set by the LRAP Administrator, which will be communicated in the award notification. The first disbursement is expected to occur within 60 days following the application deadline. The second and final disbursement is expected to occur within 45 days of the reverification deadline for program awardees set by the LRAP administrator.

ELIGIBILITY CHANGES

Assistance shall cease on the date that a participant’s total annual household income exceeds $60,000 or the date that qualifying employment terminates. Participants who are no longer eligible shall repay assistance that is not forgiven.

If a participant changes employment to another qualifying employer during an award cycle, the LRAP Administrator will review the participant’s eligibility. If income qualifications are still met, there will be no change in the award during the current cycle. If income qualifications are not met, the loan will not be forgiven and the participant shall repay assistance.

LOANS

Each loan shall be documented by means of a promissory note executed by the borrower in a form provided by the law school. The loans given by the law school will be forgivable to the extent that the participant meets all applicable employment, income and other program requirements during the applicable program year. The law school will forgive the loan at the end of the annual award year after eligibility for the program year has been verified.
FEDERAL INCOME TAX LIABILITY

This program has been designed to provide the maximum potential tax benefit to participants under changes in 1997 to section 108(f) of the Internal Revenue Code. The law school believes it has structured this program so that the loan amounts it forgives are not considered taxable income to the recipient, and thus the loans do not have to be reported as such. However, the recipient remains solely responsible for any federal, state, or local income tax liability incurred because of participation in LRAP.

CONTACT INFORMATION

If you have questions, please contact the LRAP Administrator, Sonja Rice at sorice@iupui.edu or 317.274.8043.