

# SOUTHERN UNIVERSITY LAW CENTER LOAN REDUCTION ASSISTANCE PROGRAM SUMMARY OF GUIDELINES

The Southern University Law Center (SULC) sponsors a loan reduction assistance program (Program) to encourage and enable recent law school graduates to enter and remain in public service. To be eligible for consideration for the Program, applicants must meet the following requirements:

1. Have graduated from the SULC within the last 10 years and presently licensed and in good standing with the Louisiana state bar.
2. Work full-time in a law-related public service job in Louisiana. Examples of qualifying service include employment with a federal, state or local government agency, an organization providing legal services to the poor, and a Section 501 ©) (3) nonprofit organization.
3. Attorneys in their first year of practice must have an Eligibility Determination Income, as defined under these Guidelines, of no more than \$45,000. Attorneys who have practiced at least one year but have not completed two years of practice, must have an Eligibility Determination Income, as defined under these Guidelines, of no more than \$50,000. Attorneys who have practiced at least two years, must have an Eligibility Determination Income, as defined under these Guidelines, of no more than \$55,000.
4. Must not be in default on any loan and must be current and not in forbearance on all law school educational loans.
5. Must use all funds provided by the Program toward repayment of eligible educational loans.

THE SULC RESERVES THE RIGHT TO MODIFY THE TERMS OF THE PROGRAM.

ELIGIBILITY AND CONSIDERATION BY THE SULC DOES NOT GUARANTEE THAT ANY BENEFITS WILL BE RECEIVED.

ALL PAYMENTS BY THE SULC PURSUANT TO THIS PROGRAM ARE CONTINGENT ON THE AVAILABILITY OF SUFFICIENT FUNDING TO THE SULC.

## I. INTRODUCTION

The SULC sponsors a loan repayment assistance program (Program) to assist recent law school graduates who enter public service. The Program's goal is to help remove the barriers to public interest practice faced by recent graduates who have incurred significant debt to finance their law school course work.

## II. DEFINITIONS

As used in these Guidelines, these words are defined as follows:

- A. **Applicant:** An SULC graduate who applies to the SULC to receive loan reduction assistance funds.
- B. **Participant:** An SULC graduate attorney who has been selected by the SULC to participate in and receive funds through the Loan Reduction Assistance Program set forth in these Guidelines.
- C. **Domestic Partner:** An Applicant/Participant's spouse or another person with whom an Applicant/Participant is engaged in a serious, committed and exclusive relationship having essentially the same elements of mutual, long-term exclusive commitment and mutual support that characterize a marriage,
- D. **Salary of an Applicant/Participant:** The annual contractual amount an Applicant/ Participant earns, excluding benefits, while engaged in Full-time Law-related Eligible Employment is defined in Section III of these Guidelines.
- E. **Salary of a domestic partner:** The annual amount the domestic partner earns, excluding benefits, while employed.
- F. **Applicant/Participant's Adjusted Income:** Applicant/Participant's salary plus any other income of the Applicant/Participant.
- G. **Joint Adjusted Income:** The salary of the Applicant/Participant plus the salary of the domestic partner plus any other income of the Applicant/Participant and the domestic partner.
- H. **Eligibility Determination Income:** The higher of (a) the Applicant/Participant's Adjusted Income, as defined above, or (b) one-half ( $\frac{1}{2}$ ) the Joint Adjusted Income, as defined above, of the Applicant/Participant and his/her domestic partner.
- I. **Current:** (a) The loan is in a repayment phase; meaning, the Applicant/Participant is obligated to make installment payments on the loan, and (b) all payments required by the lender are being made and are being made in full and on time.

## III. ELIGIBILITY

To be eligible for the Program, an Applicant/Participant must satisfy the following requirements.

- A. **Law School Graduate:** An Applicant must have earned a J.D. within the last 10 years from the SULC.

- B. Law license: A Participant must be a licensed member of and in good standing with the Louisiana state bar. An attorney may apply to the Program while he or she is awaiting results of a bar exam or awaiting the opportunity to take a bar exam, but will not be eligible to participate in the Program until he or she has been licensed by the Louisiana state bar.
- C. Full-time: An Applicant must work or be paid for 35 or more hours per week.
- D. Law-related: The nature of the Applicant's work must involve legal problem solving or analysis and must require skills acquired in legal education.
- E. Eligible Employment: Eligible Employment is employment in Louisiana with (a) a federal, state, or local government agency, such as a United States Attorney's office or a Public Defender's office; (b) an organization that provides legal services to the poor, such as Capital Area Legal Services Corporation; or (c) a 501 (c)(3) non-profit organization. A Participant does not become ineligible if he or she leaves one type of Eligible Employment for another.

Note: A judicial clerkship does not qualify as Eligible Employment.

- F. Income Rules: For an Applicant/Participant in his/her first year of law practice, Eligibility Determination Income, as defined in Section II above, must be no more than \$45,000. For an Applicant/Participant who has practiced as a lawyer for at least one year but has not yet completed two years of practice, Eligibility Determination Income, as defined in Section II above, must be no more than \$50,000. For an Applicant/Participant who has practiced for at least two years, Eligibility Determination Income, as defined in Section II above, must be no more than \$55,000.
- G. Eligible Loans: All need-based federal, university and educational loans for law school education are eligible for inclusion in the Program. Loans from family members and other private sources are not included. Loan consolidation is not required.
- H. Loan Repayment Status: All law school loans must be in satisfactory repayment status. No loans may be in default. Additionally, all law school educational loans must be current, as defined in Section II of these Guidelines.
- I. Available Leaves: A Participant on unpaid parental disability leave is considered a Full-time employee up to a maximum period of six months, and will, during that six-month period, remain a Participant as long as Participant continues to make payments to lenders. If a Participant loses his/her job, he or she may apply to the SULC for a grace period before being required to leave the Program, and, if applicable, repay the funds not yet forgiven.

#### IV. OBLIGATIONS OF THE PARTICIPANTS

It is the responsibility of the Applicant/Participant to keep all loans current by payment of the required amounts in full and on time in order to continue participation in the Program. An Applicant may apply to the SULC in the event that he or she is behind in his/her loan payments before entering the Program. Further, should a Participant experience exceptional circumstances which prevent him/her from making his/her loan payments on time and in full, the Participant must notify SULC which will consider the matter and decide a course of action.

Throughout the year, the SULC will verify on a regular basis certain employment and loan information to determine Applicant/Participant's continued eligibility. To continue to receive SULC funding, a Participant must provide, in a timely manner, appropriate signed documents to enable the SULC to verify continued Full-time, Law-related, Eligible Employment, qualifying salary and income under these Guidelines, and appropriate loan repayment status for the Applicant/Participant. In addition, Participant must assist the SULC in obtaining the above information should the employer, lender, or other source of information so require. This includes providing the SULC with Participant's pin number for his or her Lender so that the SULC staff may have access to this information.

Participant's loan payment history online, if such information is available in this format in order to verify that loans are current. The Applicant/Participant shall notify SULC of any changes during the year in financial, employment, and/or loan or debt repayment information for the Participant and/or his/her domestic partner. In order to remain in the Program, every year each Participant shall also provide updated information, signed documents of the nature described above, a copy of his/her tax return and a copy of his/her domestic partner's tax return from the preceding year.

The level of benefits will be calculated once each year based on the then-current information. This annual benefit will be divided and distributed to the Participant in quarterly installments, except as provided below. Payments will be recalculated or eliminated during the funding cycle in the following situations:

1. Participant leaves Eligible Employment (Immediately disqualifies Participant from receiving further payments, may trigger loan repayment. See Structure of the Program, Section V. below)
2. Participant's loans are not current (Disqualifies or suspends qualification for participation in Program depending on the determination of the SULC.)
3. Eligible loan is paid off. (If Participant has remaining eligible loan(s) for which payments are still due, payment to Participant will continue on those remaining loans. If all eligible loans(s) are paid off, Participant shall no longer receive payments from SULC.)
4. Failure to notify SULC of changes and to request special consideration from SULC may result in termination from the program.

Each Applicant/Participant shall read, sign and return to SULC a copy of the Program Guidelines as part of the application process described in Section VIII and thereafter as requested to do so by SULC, as set forth in the final paragraph of these Guidelines.

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## V. STRUCTURE OF PROGRAM

Money given to the Participant during each year of Eligible Employment will be forgiven on a year by year basis. SULC will calculate the total amount of assistance that a participant is eligible to receive during each year of eligible employment, make a loan of that amount to the participant, and pay out that loan in four quarterly installments directly to the participant. If the participant completes that year of eligible employment in good standing, the SULC loan for that year will be forgiven at the end of the year.

If a Participant leaves Eligible Employment before the completion of the year, Participant must repay to SULC any funds not yet forgiven. If a Participant leaves Eligible Employment before the end of a three-month payment cycle, the Participant will be required to repay a proportional amount of that cycle's grant. Thus if the Participant leaves Eligible Employment after one month of a three-month payment cycle, the Participant must repay two-thirds (two months out of three months) of that cycle's loan.

### TAXABILITY

Each individual Participant remains responsible for any positions taken on his/her own federal income tax returns, and SULC cannot give any Participant legal advice as to whether forgiven SULC loans must be treated as taxable income.

Participants who are uncomfortable with this lack of certainty have the option of treating as taxable the income forgiveness of the SULC loan. Participants are encouraged to seek legal advice for any questions about their particular tax situation.

### JUDICIAL CLERKSHIPS

Judicial clerks do not qualify for loan repayment assistance.

## VI. ADMINISTRATION

The SULC Program will be overseen by a committee (Committee) appointed by the SULC Chancellor. The Committee will be comprised of the SULC Director of Financial Aid, the SULC Director of Career Services, three SULC faculty members, one SULC alumnus, and one SULC student. No member of the Committee will be an Applicant/Participant while serving on the Committee. In selecting Participants, the Committee may consider, but is not limited to, the following factors: salary, Eligibility Determination Income, debt level, net worth, type of employment, location of employment (rural/urban), law school attended, and any special circumstances, such as financial responsibility for aging parents.

Once an attorney has been admitted to the Program, he or she may reapply each year for additional assistance. Although the Program will attempt to maintain payments to Program Participants who remain eligible once they have begun, prior receipt of benefits does not constitute a legal entitlement to future benefits.

The Board reserves the right to modify the terms of the Program. Applicants must understand that the Program's existence depends on continued funding.

## VII. APPLICATION PROCEDURES

Applicants must submit an Application and an Application Update annually. There will be a deadline for the Application and Update. It is the applicant's responsibility to submit a completed Application, including completed Employment Certification (s)

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Verification(s), a signed copy of these Guidelines, and other signed attachments which may be required by SULC. The Committee will not consider incomplete or late applications. Applications should be mailed to SULC, P.O. Box 9294, Baton Rouge, LA 70813. **Applications are accepted annually during the month of May until the August deadline.**

I, \_\_\_\_\_, acknowledge that I have read the foregoing Program Guidelines and agree that any assistance that I receive from SULC is subject to, and governed by, these Guidelines. I understand that these Guidelines may be modified in the future, and that if they are, I will be asked to acknowledge the existence of such modified Program Guidelines and that my receipt of further assistance from SULC will be subject to, and governed by, such modified Program Guidelines to the extent they conflict with the foregoing Program Guidelines.