

LOAN REPAYMENT ASSISTANCE PROGRAM (LRAP)

Quick Guide

What is the LRAP?

The LRAP is a forgivable loan program designed to help alleviate the financial burden of student loans on graduates who wish to pursue careers in public interest law.

What is the application procedure/due date?

Each year, the Committee will announce whether funds are available for the upcoming loan distribution period.

Applications will be accepted from January 31 through March 30.

When will qualified applicants be notified of their award?

On or before May 1, qualified applicants will receive a promissory note to complete and return. Upon receipt of the completed promissory note, Albany Law School will mail a check for the amount awarded.

What is the maximum award?

\$10,000 per year for up to three years. (Graduates must reapply each year.)

Who is eligible to apply?

Qualifying applicants must:

- have graduated from Albany Law School as a JD on or after May 2016
- have secured full-time employment (at least 35 hours per week) in a qualified public interest law-related position (as defined below)
- must have countable assets which are both less than the unpaid balance of the applicant's law school educational loans and less than \$10,000 after the allowable asset deduction (set forth below)
- must have total projected annual adjusted gross income as defined below
- must have a principal law school loan balance of at least \$50,000
 - a. other private loans approved by the Law School Financial Aid Office qualify under this program. Educational debt owed to family or non-institutional sources would not be eligible for the program.
- must have exhausted other means of assistance, including, but not limited to, assistance provided through the Perkins Loan forgiveness, federal agency loan forgiveness programs, and other private and public loan forgiveness programs.

Note: If an applicant qualifies for another loan assistance program(s) which provides a loan less than would be provided for under these guidelines, the loan that the applicant would otherwise receive pursuant to Albany Law School's LRAP will be reduced by the loan received by the other source(s).
- must not be in default on any educational loan

What is a qualified public interest law-related position?

Category 1:

- Legal advocacy positions funded by the Legal Services Corporation as well as advocacy positions with other private not-for-profit organizations that qualify for a tax exemption under IRS Code Sections 501(c)(3), (4), or (5). Such positions may include prisoners' legal aid or campus legal services; legal advocacy positions at private non-profit agencies, including religious, social service, fund-raising, community service or cause-oriented organizations such as the Children's Defense Fund, United Way, and Red Cross Chapters.

Category 2:

- Full-time legal positions with a county or city District Attorney's Office or equivalent offices in other jurisdictions and bar-sponsored or government-sponsored full-time public defender positions.

Category 3:

- Other legal positions in federal, state, county, city, or town/village government offices.

How are countable assets defined?

Countable assets include the combined assets of an applicant and an applicant's spouse or domestic partner from the following sources:

- Cash, savings, and checking accounts.
- Net worth of investments including real estate (other than primary residence), trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options bonds, other securities, college savings plans, installment and land sale contracts (including mortgages held), commodities, and similar assets.
- Net worth of business and/or investment farm (market value of land, buildings, machinery, equipment, inventory, and similar assets, less those debts for which the business or investment farm was used as collateral).
- Any interest in an annuity or life insurance policy, but being named a beneficiary in a life insurance policy shall not be considered an asset.
- Any assets in an individual retirement account recognized for preferential tax treatment under the Federal IRS Code that exceeds the amount allowed by the Federal Code. Income deposited into the individual retirement account prior to graduation from law school will not be considered in calculation of assets.

Countable assets will NOT include:

- Any equity in primary residence or automobile.
- The value of personal tangible property (furniture, electronic equipment, jewelry, antiques, and similar items).

How is adjusted gross income defined?

Adjusted gross income is defined as gross income minus allowable deductions. Gross income is the greater of the graduate's annual salary and income from countable assets or one half the combined annual salaries and assets of an applicant and spouse or domestic partner.

Allowable deductions:

- \$3,500 for each dependent child under the age of 18.
- \$10,000 for individuals living in the Metropolitan New York City area and other large cities with relatively high costs of living, as determined at the discretion of the Program Administrator.
- The annual amount of a spouse's or domestic partner's educational debt payments, not in deferment, up to a maximum of \$4,000.
- If an applicant's gross income includes income and assets attributed to a spouse or domestic partner, deductions shall be subtracted from the combined gross income and the applicant's adjusted gross income shall equal one-half that amount.

Applicant must have an adjusted gross annual income at or below the following amounts, based on years since graduating from law school:

- First year: \$45,000
- Second year: \$46,000
- Third year: \$47,000

How is the amount of individual loans calculated?

Awards will vary from year to year based on number of applicants and amount of funding available.

No student shall receive a loan of more than \$10,000 for any year.

No student shall participate in the program for more than three years. Accordingly, no student shall receive more than \$30,000 in loans from the program.

LOAN FORGIVENESS & DEFAULT

Interest shall accrue on loans awarded at the prime rate as of January in the year the loan is made, but shall be forgiven if the underlying loan is forgiven. The interest rate for new loans will be reset annually.

Repayment Schedule

<u>Applicant leaves position in:</u>	<u>Amount of Loan Due:</u>
0 – 12 months	100%
13 – 24 months	25%
More than 24 months	0%

If the applicant leaves qualifying employment within 45 days of their final cancellation, the LRAP committee may use its discretion to grant a pro-rated cancellation of the remainder.

In addition, if the applicant leaves a qualifying position within 60 days of receipt of a loan, the applicant must repay 100% of the most recent loan awarded.

LRAP recipients may take leaves of absence from qualified employment for up to six months for:

- pregnancy or disability of themselves, a spouse or dependent
- job change
- unemployment
- geographic relocation
- other compelling reasons

In the discretion of the LRAP Committee, loans may continue during the leave of absence.

For more information:

Visit the website (Financial Aid section), or contact Andrea Wedler, Director of Financial Aid, at (518) 445-2388 or awedl@albanylaw.edu.