

**University of Illinois College of Law  
Loan Repayment Assistance Program  
Program Description and Requirements  
Revised February 6, 2009**

I. Program Eligibility Requirements

A. Eligible Classes

All graduating classes starting with the Class of 2005 will be included. Applicants are eligible to join the program from six months before graduation to up to three years after graduation. The Committee has the discretion to extend the three-year deadline for joint degree students.

B. Eligible Employment

An applicant must prove his or her employment is a full-time law-related job at either a non-for-profit or a governmental organization. Non-for-profit organization is defined by IRS §501(c)(3)-(5) and includes legal service organizations and public defender programs. A governmental organization includes all employees of the city, county, state, or federal government, except for judicial clerkships and academic institutions. A judicial clerkship shall count towards a maximum of one year of service in the program if the applicant applies after later taking employment with a qualifying organization.

C. Qualifying Loans

Only institutionally approved law school loans are coverable. Personal, family, undergraduate or other loans are not.

D. Maximum Initial Annual Income Allowed

A maximum Adjusted Gross Income (AGI) of \$55,000 will be the initial annual income allowed. For single applicants, AGI is the adjusted gross income on the applicant's federal IRS tax return. For married applicants, AGI is the higher of a) the applicant's AGI, or b) half of the joint AGI.

E. Provision Made to Adjust Income Cap

The maximum AGI may grow to a maximum of \$65,000.

F. Deductions to Income

1. Dependent Allowances

The standard federal deduction is allowed for each dependent listed on the applicant's federal income tax return.

2. Non-qualifying educational loans

The applicant may deduct from his or her income any payments to educational loans not covered by this program, i.e., private or undergraduate loans. Personal and family loans are not allowed.

II. Program Features

A. Fundamentals – Each year a portion of the participant's qualifying loans will become due. The program will provide an LRAP not to exceed the entire qualifying loan payment less the participant's contribution. This LRAP loan will come in the form of a check. If sufficient funds are not available, the committee will disburse funds in a manner so that each eligible participant receives some benefit from the program. Specifically, each qualifying participant will receive an equal percentage of the amount of loan repayment assistance for which they are eligible.

B. How Participant's Contribution Is Determined – Each qualifying participant is expected to contribute each year toward paying back the original law school debt. The amount of contribution depends upon the participant's adjusted gross income and geographic location. The formula for determining contribution recognizes cost of living variances by using a base income level that is equal to the median public interest salary for new lawyers contained in the NALP annual survey, adjusted for the participant's particular geographic location using the U.S. Office of Personnel Management guidelines. This total will be referred to as the applicants Standard Maintenance Allowance.

The formula for determining the participant's contribution is as follows: (1) deduct the qualifying allowances listed in Section I Paragraph F from the participant's AGI; (2) deduct the Standard Maintenance Allowance for the participant's geographic location; (3) divide the resulting number in half to determine the participant's contribution level. The amount of the participant's annual qualifying loan payment exceeding the participant's contribution level is the amount of loan repayment assistance for which the participant is eligible.

Example 1:

Single graduate; \$48,000 AGI in New York City; eligible law school loans equal \$800/month, or \$9,600; undergraduate loan payments equal \$250/month, or \$3,000:

\$48,000 AGI  
- \$3,000 annual non-law school educational debt payments  
\$45,000  
-\$41,483 New York City Standard Maintenance Allowance (\$36,000 +  
\$5,483 (15.23%))  
\$3,517

\$9,600 annual law school debt payment  
-\$1,758 participant's contribution (\$3,517 x 50%)  
**\$7,842 in loan repayment assistance**

Example 2:

Married graduate; \$32,000 AGI in Pittsburgh, PA; spouse's AGI is \$65,000; eligible law school loans equal \$8,400; undergraduate loan payments equal \$1,200 annually:

\$32,000 participant's AGI

and

\$97,000 joint AGI of participant and spouse

X 50%

\$48,500 is greater than \$32,000; therefore the LRAP formula is applied as follows:

\$48,500 adjusted gross income  
- \$1,200 participant's annual non-law school educational debt payments  
\$47,300  
-\$39,427 Pittsburgh, PA Standard Maintenance Allowance (\$36,000 +  
\$3,427 (9.52%))  
\$7,873

\$8,400 annual law school debt payment  
-\$3,937 participant's contribution (\$7,873 x 50%)  
**\$4,463 in loan repayment assistance**

- C. Loan Forgiveness Schedule – This schedule explains how much of a participant's LRAP loans are forgiven after a minimum of 3 years of eligible employment as defined in Section I Paragraph B. The maximum AGI is not a consideration in the loan forgiveness schedule.

After completion of:

3 years in qualifying position – 25% of LRAP accumulative loans forgiven

4 years in qualifying position – 50% of LRAP accumulative loans forgiven

5 years in qualifying position – 75% of LRAP accumulative loans forgiven

6 years in qualifying position – 100% of LRAP accumulative loans forgiven

#### D. Program Loan Repayment

Unforgiven LRAP loans will be due upon any of the following conditions:

1. The date the participant leaves qualifying employment.
2. The date the participant fails to confirm information for the prior year's employment.

Upon any of the above conditions, the participant must notify the administrator within 30 days to set up a repayment plan. The repayment plan will not exceed 5 years. Previous LRAP loans that become due are subject to a nominal rate of interest to be determined annually by the administrator. The participant is no longer eligible for future LRAP loans.

#### E. Leaves From the Program

A program participant is permitted to apply for up to one-year leave of absence from qualifying employment. Leaves are handled by the Committee on a case-by-case basis for such purposes as childcare, personal illness, or caring for an ill family member or significant other. The participant is not eligible for assistance while on leave.

### III. Program Administration

The Program will be administered by the University of Illinois College of Law Office of Admissions and Financial Aid. A Committee will be established to review the LRAP eligibility criteria and set LRAP policy. The Committee will consist of 8 members: 2 students, 2 faculty, 2 alumni, a member of the Career Services staff, and the Assistant Dean of the Office of Admissions and Financial Aid, who will chair the committee. The members will be appointed by the Dean. The committee will oversee the program in general and will handle requests to join the program. The Chair will also serve as program administrator for day-to-day matters, administering the program as otherwise defined in this document.

### IV. Application Procedures

The application deadline will be April 1. The application must contain:

1. Proof of employment with qualified employer.
2. Income information on a calendar year schedule.
3. List of qualifying debts, including lenders' names, date of origination and date debt repayment begins.

4. Signed copy of federal tax return for the previous year, and spouse's return where applicable.
5. Agreement to report changes in employment status or salary.
6. Proof of residence in a designated cost-of-living locale where applicable.
7. Any other information deemed necessary by the administrator.

V. Miscellaneous Provisions

A. Program Changes

The College of Law reserves the right to change the program at any time.

B. Disclaimer

The LRAP agreement is not a delegation or other transfer of the participant's primary obligation to repay his or her student loan debt.