

**UNIVERSITY OF SOUTHERN
CALIFORNIA LAW SCHOOL
LOAN REPAYMENT ASSISTANCE
PROGRAM (LRAP)**

**2011-12
PROGRAM DESCRIPTION
&
APPLICATION**

First Priority Application Deadline: September 15, 2011

Questions regarding the LRAP should be directed to

Mary Bingham, Director of Financial Aid

USC Law School, Room 104

mbingham@law.usc.edu

tel: (213) 740-6314

fax: (213)740-4822

1. INTRODUCTION

Increasing numbers of USC Law School students graduate with large debt burdens due to loans taken to finance their education. This debt accumulation sometimes results in career choices dictated by financial necessity. In an attempt to help those law students who want to obtain employment in public interest or public service jobs, the Law School implemented the Loan Repayment Assistance Program (LRAP). Under the Program, qualifying graduates are expected to apply a specified percentage of their earnings to their annual obligations for educational loan repayments, and the Law School makes a loan (the "LRAP loan") for the remainder of those obligations. If a graduate works in qualifying employment for a specified period his or her LRAP loan will be forgiven in whole or in part depending on the length of time in qualifying employment.

LRAP has two goals. The first goal is to enable graduates to select their employment without having options precluded due solely to financial difficulty. The second goal of the Program is to encourage Law School graduates to choose public interest or public service employment. The Law School recognizes that the legal community has a responsibility to provide services to people who cannot otherwise afford representation. We hope that LRAP may help to remove an obstacle to providing such assistance.

2. ELIGIBILITY

The rules listed for LRAP eligibility are guidelines for use by the Dean or his or her designee. At the discretion of the Dean, exceptions to these rules may be made based upon a showing of extenuating circumstances or that the exception would promote the overall goals of the program. The availability of funds will also be a significant factor in

making such decisions.

To be eligible for LRAP assistance, the graduate must work in qualified employment and have a debt burden which exceeds the graduate's expected contribution. These restrictions are more fully explained below. In addition, the graduate's outstanding educational loans must be in good standing at the time of application to the LRAP, and must remain so in order to continue participation and/or deferment.

Graduates are expected to take advantage of any other loan repayment assistance or forgiveness programs for which they might qualify, such as the LRAP available to Equal Justice Works Fellows, or programs offered through individual employers. USC LRAP assistance will be awarded only if there is remaining eligibility **after** assistance from other programs has been exhausted. Graduates are required to notify the Law School of any other programs from which they are potentially eligible to receive benefits. In addition, LRAP assistance will be based upon the assumption that the graduate has selected the Income Based Repayment Plan option for federal student loans. All LRAP participants should become familiar with the Federal Loan Forgiveness provisions of the College Cost Reduction and Access Act of 2008, as there may be significant loan forgiveness benefits to be derived from that program if the graduate remains in qualifying employment for a period of ten years.

A. Qualifying Employment

Only graduates who work in specified jobs will qualify for LRAP. Qualifying positions include full-time, paid positions as attorneys with: (a) a nonprofit organization qualifying for tax exemption under Section 501(c)(3) or 501(c)(4); or (b) a local, state or federal government. Only recent graduates (those with graduation dates in the December or May immediately prior to the year in which they are applying for LRAP assistance) will be eligible to receive LRAP assistance before having been admitted to the relevant state bar. By the following year, if the participant cannot submit verification of bar admission,

eligibility for continuing LRAP assistance will be denied.

(1.) Judicial Clerkships. Judicial clerkship positions qualify for participation in LRAP, however, the repayment terms of the LRAP loan differ significantly (see Section 3B(1).) Additionally, the forgiveness component of LRAP is not applicable.

A graduate working in a position not listed above may apply for admission into the Program. The Dean or his or her designee will determine the eligibility of these applications. In making this determination, the Dean or his or her designee will evaluate whether the employment in question is consistent with the overall goals of the Program. In addition, this decision will necessarily be based upon the funding available at that time.

B. Qualifying Income Level

There is no maximum income cut-off for LRAP eligibility. Annual income is used, however, to determine the graduate's expected annual contribution towards his or her loan payments. The graduate's required annual loan payments must exceed the graduate's expected contribution by at least \$1,000 in order to qualify for LRAP assistance.

*Annual income refers to salary plus all other expected sources of income minus any allowable LRAP income adjustments as described in item (2) below.

(1.) Spouse's Income. Married graduates will be treated as having an income equal to the higher of: (a) the graduate's income; or (b) the average of their respective incomes. (For example, if the graduate's income is \$30,000 and the graduate's spouse earns \$20,000, the graduate's income of \$30,000 will be used in the formula. If the graduate's income is \$30,000 and the spouse earns \$40,000, LRAP will attribute an income of \$35,000 (the average) to the graduate.)

(2.) Dependents' Allowance. In determining annual income, an exemption of \$5,000 for each minor dependent child will be allowed.

(3.) Assets. As a general rule, assets do not affect an applicant's eligibility for LRAP assistance. However, the Dean or his or her designee reserves the right to reduce or deny LRAP eligibility on a case by case basis due to significant assets.

C. Calculation of LRAP Assistance

For graduates admitted to LRAP, the Law School will make a loan for the difference between the total annual amount owed by the graduate (assuming an Income-Based Repayment schedule for all federal loans) and what he or she is expected to repay pursuant to the following schedule.

LRAP participants with annual income of \$50,000 or less:

There will be no contribution expected from graduate. LRAP will advance funds sufficient to cover the full monthly loan payments of the graduate.

LRAP participants with annual income of \$50,001 - \$60,000:

Graduate's annual contribution is equal to thirty-three percent (33%) of their annual income above \$40,000.

LRAP participants with annual income above \$60,000:

Graduate's annual contribution is equal to \$6,600 plus seventy percent (70%) of their annual income above \$60,000.

For example, a qualifying graduate with required annual loan payments of \$6,840 (monthly payments of \$570), and income of \$55,000 would receive a loan of \$5,190 for that year (\$6,840 - \$1,650 [33% of \$5,000]). The same graduate earning \$64,000

would not be eligible for LRAP assistance as the graduate's expected contribution would be \$9,400 (\$6,600 + \$2,800 [70% of \$4,000]) which covers the entire amount of the graduate's loan payments. A graduate with a higher student loan obligation and the same \$64,000 in annual income would qualify for assistance if the annual loan payments are at least \$10,400.

Participants and potential participants should realize that the amount of funds available to support the program is determined on a year-to-year basis and that, should the total financial need of all applicants exceed the funds committed for any given year, participants' loan amounts may be decreased proportionally. (See Section 5 below.)

D. Qualifying Loans

Undergraduate, other graduate and law school loans made for educational purposes will be included in determining a graduate's annual educational loan repayment obligation.

Educational loans include institutionally approved and certified loans such as Stafford, Perkins, Graduate PLUS and other law school and undergraduate loans. Private loans that were not institutionally certified (for example a loan from a relative) will not be considered for LRAP eligibility.

E. Assumption of Income-Based Repayment Schedule for federal loans

Borrowers have various repayment plan options to select from in repaying federal loans (e.g., Standard, Extended, Graduated, Income-Based.) Regardless of the repayment plan the graduate actually selects, LRAP assistance will be calculated based upon the Income-Based Repayment (IBR) option, which is available for federal loans. For graduates with private student loan debt also, the calculations will be based upon actual monthly payments for those loans.

If a graduate's federal loan payments under the IBR plan are so low as to be

insufficient to cover the monthly interest charges which are accruing, thereby creating a negative amortization situation for the graduate, the Law School will set aside sufficient LRAP funds for that graduate to cover these unpaid interest charges which accrue during LRAP participation. If the graduate should reach 100% forgiveness of remaining federal loan debt under the Federal Loan Forgiveness Program, the LRAP funds which have been set aside will not be distributed to the graduate as all of the accrued interest would have been forgiven. But should the graduate leave qualifying employment and determine that he/she will not achieve 100% forgiveness through the Federal Forgiveness Program, he/she may request an additional LRAP disbursement for the purpose of paying down the interest which accrued during LRAP participation.

F. Minimum LRAP Eligibility

Graduates must be eligible for a minimum of \$1,000 in LRAP assistance in order to be approved for participation.

3. LOAN FORGIVENESS AND LOAN REPAYMENT

A. Loan Forgiveness Schedule – Not applicable to judicial clerk participants

If a graduate remains in qualifying employment for five years, regardless of whether he or she qualifies for LRAP assistance each of those years, his or her entire LRAP loan will be forgiven (including principal and interest). If the graduate remains employed in qualifying employment for fewer than five years, his or her LRAP loan may be partially forgiven according to the following schedule:

Amount of Time in Qualifying Employ- ment	Percentage of LRAP Loan to be Repaid	Percentage of LRAP Loan Forgiven
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One Year or More But Fewer than Two	90%	10%
Two Years or More But Fewer Than Three	80%	20%
Three Years or More But Fewer Than Four	60%	40%
Four Years or More But Fewer Than Five	30%	70%
Five Years or More	0%	100%

Participants should understand that it is the Law School's Loan Repayment Assistance Program loans which are being forgiven and not the graduate's original educational loans.

Therefore, at the end of five years when the graduate reaches the 100% level of LRAP forgiveness, he or she will continue to be responsible for payments on educational loans which were set up with ten-year, or longer, repayment schedules. However, if that graduate continues to qualify, he or she can continue to receive LRAP advances.

B. LRAP Loan Repayment

Upon leaving qualifying employment, the graduate is obligated to contact the Law School Director of Financial Aid to establish the graduate's repayment schedule. For all LRAP participants other than judicial clerk participants, this schedule (amount of monthly payments and length of time to repay) will be determined based on a minimum monthly payment of \$50 plus interest, and a maximum repayment period of ten years.

The repayment period for balances owing on LRAP loans begins on the occasion of the earliest of the following:

--the date the graduate ceases to be employed in qualifying public interest or judicial clerkship employment; or

--the date the graduate fails to provide confirmation and verification information for the prior year's LRAP participation and/or current employment and salary verification for both the graduate and the graduate's spouse, if any; or

--10 years after graduation from the USC Law School.

A graduate who continues to be employed at a qualifying job, but whose income has risen to a level which disqualifies him/her for additional LRAP advances will not be required to begin repayment of the LRAP loans. Rather, that graduate may continue to accumulate additional forgiveness benefits based upon the length of time he/she remains at the qualifying employer. The graduate will be required to provide documentation of continuing employment for purposes of forgiveness benefits.

(1.) Judicial Clerks. Judicial clerks leaving the LRAP program will have no grace period or deferment eligibility following their participation. Repayment will begin when the graduate ceases to be employed as a judicial clerk. The graduate will have up to three years to repay the LRAP loan and a minimum monthly payment of \$100 plus interest will be required.

C. Interest

There will be a 7% annual interest charge on LRAP loans once repayment begins.

Interest will not be charged while the LRAP participant:

- is receiving LRAP loans;
- continues to be employed in public interest.

In cases of unemployment, or other significant hardship, a forbearance can be requested. If a forbearance is approved, however, interest may continue to accrue.

4. LRAP APPLICATION AND LOAN DISBURSEMENT PROCEDURES

A. LRAP Application Procedures

Graduates applying for assistance from the Loan Repayment Assistance Program will not be admitted until they have provided:

(1.) A completed Loan Repayment Assistance Program Application (attached). All items must be completed fully and accurately.

(2.) A completed Employer Certification Form (attached). It is the graduate's responsibility to make sure the employer completes and returns the Employer Certification Form to the Law School Financial Aid Office.

(3.) A current listing of the applicant's educational debts (feel free to use the attached chart but a listing in another format is acceptable also.)

(4.) Documentation from the lender (or servicer) of each educational debt listed by the applicant. This may be a copy of a recent billing statement, printout from the lender's website, or a letter from the lender, but it should include the total amount owed, monthly payment amount and month/year repayment is to begin or next payment due

date.

(5.) For LRAP Renewal Applicants Only: Please provide a payment history from your lender or servicer for each of your loans covering the period of October 1, 2010 through September 30, 2011. If payment history has been recently provided you may disregard this item unless it is specifically requested.

(6.) A signed Authorization for Release of Information form (attached) which will enable the Law School to communicate directly with your lenders regarding your loans, if necessary. Signing this release does not reduce your responsibility in providing the information required in item #4 and 5 above.

(7.) A copy of the graduate's and spouse's signed federal income tax return(s) for the most recent calendar year, including copies of all W-2s.

(8.) A current resume which briefly describes the employment which is qualifying you for LRAP. If you have provided this in a prior year and your position has not changed, it is not needed again.

(9.) Documentation (as soon as available) of bar passage and admission to the relevant state bar. If submitted in a prior year this is not needed again.

(10.) Any additional clarification or follow-up documents as requested by the Dean, his or her designee, or the Law School Director of Financial Aid.

All of the above information should be submitted by the September 15th deadline for optimal consideration. However, it is recommended that applicants submit the application and any available supporting documentation by the September 15th deadline, even if some required items are not yet available. Applicants should follow-up with additional materials as quickly as possible.

Participation in the Program is on a year-to-year basis only; once a graduate has been admitted to LRAP, it is that participant's responsibility to reapply each year for continued assistance. Admittance to the Program one year is not a guarantee of continued eligibility, particularly if any exception to the eligibility rules was granted. Each year the LRAP participant must provide the information requested in the application procedures. This information will also be used to verify the income and asset projections reported for participation during the previous year. Appropriate adjustments will be made if the actual information provided differs substantially from the initial projections. If it is discovered that information was misreported or that the participant failed to notify the Law School of any changes which might have altered his or her eligibility, that participant will be suspended from participation in the LRAP Program and repayment will begin immediately.

B. Loan Disbursement Procedures

The Law School's Financial Aid Office will distribute LRAP funds. LRAP operates on a fiscal-year basis (October 1 - September 30) and disbursements are made quarterly. Disbursement of the applicant's LRAP loan is made as follows: the participant's entire annual LRAP loan eligibility is divided into four equal payments and disbursed on or about October 1, January 1, April 1, and July 1. LRAP advances are disbursed directly to the participant and it remains the graduate's responsibility to make all loan payments to his or her lenders. LRAP loans are provided for the sole purpose of assisting graduates in making payments on approved educational loans. If a graduate uses LRAP funds for any other purpose, he or she will be suspended from the Program and repayment will begin immediately. If, at the end of the Program year, the graduate has remaining LRAP funds which were not used for loan repayment, those funds must be returned to the Law School immediately.

5. USC LAW SCHOOL'S MAXIMUM ANNUAL FINANCIAL OBLIGATION

Funds to support the LRAP are taken annually from the financial aid budget of the Law School. As a result, the total amount of dollars committed to LRAP will be reviewed annually along with all financial aid budget allocations. Each year the Dean may increase or decrease the amount of dollars available to support LRAP. In the event the financial need of the applicants exceeds the amount available, graduates may receive a reduced pro rata share of the amount they would otherwise qualify for. Participants should also realize that the receipt of funds in any year is not assurance of continued funding or of a particular amount.

Certain elements of the Program will change over time to reflect the impact of inflation as well as our experience with the Program. Regardless of the policies in effect at the time participation in the Program begins, all subsequent revisions will apply to all current LRAP participants.

6. MISCELLANEOUS PROVISIONS

A. Leaves From the Program

A Program participant may take a leave from LRAP of up to two years for purposes of child care, other nurturing responsibilities, relocation, further education, or other similar purpose approved by the Dean or his or her designee. During this period, he or she will not be eligible for assistance, but repayment of the LRAP loan will not be necessary if the graduate declares in writing an intention to return qualifying employment within two years.

If, however, the participant does not return to the Program within two years of his or her leave from the Program, the LRAP loan will become payable to the extent not forgiven. Upon recommencement of work covered by the LRAP Program, the graduate will become eligible again for LRAP assistance and/or additional forgiveness benefits.

B. Time Limits/Deadlines

No graduate may enter the Program later than five years from the date of graduation. Graduates not entering the Program within 30 days of beginning qualifying employment will not receive benefits retroactively. The first-priority deadline for receipt of LRAP assistance is always September 15th of the year the graduate wishes to begin participation. Applications received or completed after that date will be considered on a funds-available basis only.

C. Questions

Questions or comments about LRAP should be directed to the Law School Director of Financial Aid or the Associate Dean.

2011-12 ENROLLMENT APPLICATION

I. Personal Data

NAME _____

SOCIAL SECURITY NUMBER _____ - _____ - _____

ADDRESS _____

TELEPHONE (____) _____ EMAIL ADDRESS: _____

GRAD DATE _____ BIRTH DATE _____ MARITAL STATUS _____

DEPENDENTS (LIST NAMES AND AGES): _____

NAME, ADDRESS AND PHONE OF PARENT OR OTHER RELATIVE WHO WILL
ALWAYS KNOW YOUR CURRENT ADDRESS:

(____) _____

II. Employment and Income Information

EMPLOYER _____

CIRCLE ONE: GOV'T (LOCAL, STATE, FED) 501(C)(3) 501(C)(4)

JOB TITLE/DESCRIPTION _____

ADDRESS _____

PHONE (____) _____ STARTING DATE _____

ANNUAL SALARY _____

SPOUSE'S NAME _____

SPOUSE'S EMPLOYER _____

PHONE (____) _____ STARTING DATE _____

ANNUAL SALARY _____ JOB TITLE _____

LIST ALL ADDITIONAL SOURCES OF INCOME AND AMOUNTS EXPECTED TO BE
RECEIVED FROM OCTOBER 1, 2011 - SEPTEMBER 30, 2012 (12 MONTHS):

III. Asset Information

CASH/SAVINGS OWNED BY APPLICANT (AND SPOUSE) _____

MARKET VALUE OF HOME _____ AMOUNT STILL OWED _____

VALUE OF OTHER ASSETS (INVESTMENTS/REAL ESTATE/STOCKS, ETC.) _____

IV. Indebtedness and Expense Information

NON-EDUCATIONAL DEBT OF APPLICANT AND SPOUSE (e.g., CREDIT CARD
DEBTS, CAR LOAN, MORTGAGE, ETC.):

LENDER	TOTAL DEBT	MONTHLY PYMT AMOUNT DUE:	PURPOSE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

INCOME/EXPENSE ISSUES WHICH MAY BE UNUSUAL OR EXTRAORDINARY:

V. Certification

All information on this application is true and complete to the best of my (our) knowledge. If provided with LRAP assistance, I agree to abide by all LRAP rules and regulations. Specifically, I agree to use LRAP funds for the sole purpose of making payments on approved educational loans. If asked by a Law School Officer, I (we) agree to provide proof of the information I (we) have given on this application. I (we) understand that I (we) must provide a complete copy of my (our) most recent federal income tax return, as well as other information required in Part V of the Loan Repayment Assistance Program description. I (we) agree to report any increase in salary or income or changes which may alter my eligibility, to the appropriate Law School official. I (we) further understand that regardless of the policies in effect

at the time my participation in the Program begins, all subsequent policy revisions will apply to me (us) as well as new participants.

Applicant's Signature

Date

Spouse's Signature

Date

For first priority consideration of available funds:

Return this application along with other required documentation (see Page 6) no later than September 15, 2011 to:

Mary Bingham, Director of Financial Aid
Univ. of Southern California Law School
Office of Financial Aid, Room 104
Los Angeles, CA 90089-0074

University of Southern California Law School
Loan Repayment Assistance Program

EMPLOYER CERTIFICATION FORM

PART A: TO BE COMPLETED BY THE APPLICANT.

NAME _____

SOCIAL SECURITY # _____

I authorize my employer _____

to provide the information requested in Part B to the University
of Southern California Law School.

SIGNED _____ DATE _____

TO THE APPLICANT: After completing the above section, submit
this form to your employer. Your employer should then complete
the section below and return this form directly to the Law
School.

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PART B: TO BE COMPLETED BY THE EMPLOYER:

The above-named "applicant", a graduate of the USC Law School,
has applied for a special Loan Repayment Assistance Program Award
from the University of Southern California. As part of the
application process, USC requires certification from the employer
of the applicant's employment status.

Please complete the following information and return this form to
the USC Law School, Attn: Financial Aid, University Park, Room
104, Los Angeles, CA 90089-0074. The applicant's Enrollment
Application will not be complete without this Form. Please
return the completed Form as soon as possible. If you have any
questions, please do not hesitate to call the Law School's
Director of Financial Aid at (213) 740-6314.

DATE EMPLOYMENT BEGAN/WILL BEGIN: _____

OF HOURS WORKED PER WEEK: _____

PERCENTAGE EMPLOYMENT: _____

SALARY/ANNUAL GROSS EXPECTED FOR PERIOD OF OCT 2011 - SEP 2012:

OTHER COMPENSATION EXPECTED FOR SAME PERIOD(i.e., HOUSING, etc.):

JOB TITLE: _____

BRIEF JOB DESCRIPTION-use space below or attach additional page:

AUTHORIZED SIGNATURE

PRINTED NAME AND TITLE

DATE

PHONE NUMBER

EMPLOYER NAME

AND ADDRESS

IRS 501(c)(3) or IRS 501(c)(4) STATUS (Y/N?) _____

AUTHORIZATION FOR RELEASE OF INFORMATION

I authorize the Financial Aid Office of the University of Southern California Law School to obtain any information relating to the repayment of my educational loans from any lender or loan servicing agency who may be in possession of such information. This information may include, but is not limited to, my current status in the repayment of my loans, my payment history, and my outstanding balance and interest rate.

I understand that the information released to the Financial Aid Office of the University of Southern California Law School is for purposes of determining eligibility for the Law School's Loan Repayment Assistance Program.

Signature

Full Name (print or type)

Street Address

City, State, Zip Code

Social Security Number

Date of Signature

	STAFFORD LOAN	GRADUATE PLUS LOAN	FEDERAL CONSOLIDATION LOAN	PERKINS LOAN	PRIVATE LOAN
LENDER					
SERVICER (IF DIFFERENT THAN LENDER)					
ORIGINAL PRINCIPAL AMOUNT					
INTEREST RATE					
CURRENT OUTSTANDING PRINCIPAL BALANCE					
MONTH/YEAR REPAYMENT BEGINS/BEGAN					
MONTHLY PAYMENT AMOUNT					