



TULANE LAW SCHOOL

*Office of Financial Aid*

## Tulane Law School Loan Repayment Assistance Program Rules for the Classes of 2014 through 2017

In 1988, Tulane Law School became the fifteenth law school in the United States to offer its graduates a program providing assistance in repaying educational loans made by banks and other lenders. The Tulane Law School LRAP is designed to assist graduates providing legal services to clients who cannot afford access to traditional legal services. Participants have worked in such organizations as Legal Aid of the Bluegrass in Kentucky, Louisville Metro Public Defender, Innocence Project New Orleans, and CAMBA Legal Services in New York.

In effect, Tulane Law School reimburses eligible graduates for educational loan payments exceeding a "graduate contribution" (about \$450 monthly) for up to five years. The terms of our LRAP – such as types of employment covered, income eligibility levels and support for individual graduates – are described below.

Tulane Law School revised its Loan Repayment Assistance Program (LRAP) in 2002 to take advantage of changes in tax law. The changes in tax law allowed us to alter our program so that it provides the same level of assistance to our graduates and, in most cases, enables them to save the associated tax costs by offering a forgivable loan rather than an outright grant. The program was redesigned to comply with Section 108(f) of the Internal Revenue Code (as amended). Graduates working for non-profit 501(c)3 corporations or under the direction of a governmental unit may not have tax liability if they receive forgiveness of a loan from the Tulane Law School Loan Repayment Assistance Program. **For your review, the text of the law is amended at the end of this document.**

This Tulane Law School LRAP Loan, and each subsequent loan, will remain in forbearance as long as the recipient remains in the same position or in qualified employment. If the recipient changes employers or positions, or reaches the maximum LRAP disbursement, application for discharge forgiveness of the LRAP indebtedness must take the form of letters from you and your employer to document your fulfilling the Program's public interest employment and other requirements (for example, documentation of loan payments made) during the periods covered by the LRAP Disbursements. This forgivable LRAP loan carries an interest rate of 10% until its discharge. Final discharge of the forgivable loan debt will occur after the borrower changes employers or position, or reaches the maximum LRAP disbursement or the program ends. If the recipient does not comply or partially complies with program terms, any amount not forgiven will be due in full on April 1st the year after disbursement or within 30 days of the date of ineligibility, whichever comes first.

### Qualifying Applicant

The applicant must have received a Tulane JD degree in years 2014 through 2017 and fulfill the qualifying employment and income tests described below. Initial application for the program must occur within three years of receiving a Tulane JD.

### Qualifying Employment

The applicant must be a member of a U.S. state bar and must be providing legal services on a full-time, compensated basis, as further described below. At a minimum, the applicant must be compensated at the level of full-time minimum wage.

Qualifying employment is limited to core public interest jobs which provide legal services for or under the direction of a governmental unit or an organization described in Internal Revenue Code section 501(c)(3) to people who cannot afford to pay, such as: legal aid or legal services offices and other certain private non-profit organizations that provide legal services, indigent or public defender offices, or certain private law firms in the public interest, that is, firms where at least 50 percent of "billable hours" are devoted to pro bono, reduced fee, or court-awarded fee work for persons or organizations financially unable to obtain adequate legal services for or under the direction of a governmental unit or an organization described in Internal Revenue Code section 501(c)(3).

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Weinmann Hall, 6329 Freret St., Ste. 203, New Orleans, LA 70118-6231 tel 504.865.5931 fax 504.865.6710  
[finaid@law.tulane.edu](mailto:finaid@law.tulane.edu) [www.law.tulane.edu](http://www.law.tulane.edu)

### Qualifying Employment (continued)

Some examples of qualifying positions include:

- Attorney at Legal Services or Legal Aid office
- Attorney at Indigent Defender or Public Defender office
- Self-employed public or indigent defender contracting for a governmental unit
- Attorney at non-profit organization qualifying for tax exemption under 501(c)(3) and serving indigent clients

*A graduate employed as an attorney for indigent clients, whose employment does not fit any of the qualifying position descriptions above may qualify for forgivable loans from Tulane Law School, but the amount forgiven may be subject to taxation. A W-9 in addition to a promissory note would be required. Contact the Law Financial Aid Office at 504/865-5931 for more details.*

Some examples of non-qualifying positions include:

- Judicial clerk
- Attorney in Prosecutors' offices\*
- Attorney representing Federal, state or municipal agencies\*
- Educational position
- "Think-tank" and/or policy-making position

*\*An attorney representing a governmental agency is not a qualifying position. However, an attorney employed by a governmental agency in order to represent indigent clients may be a qualifying position. In addition, a Louisiana governmental attorney whose position is not qualified may instead qualify for up to \$3,000 annually through the Tulane's Kendall Vick Foundation Assistance Program (please contact Tulane Law Financial Aid for more details).*

### Qualifying Income

The graduate's income cap is set on earned and unearned, taxed and untaxed income. In addition to the requirement that the graduate's income be under the income cap, if the graduate is married, a family income cap in the amount of twice the income cap of the graduate in earned and unearned, taxed and untaxed income for the graduate and spouse also applies. If the graduate supports children, the cap may exceed the specified amount by \$3,000 per child. If the graduate is self-employed, the cap may exceed the specified amount by an amount equivalent to certain business expenses.

Tulane's LRAP income cap is adjusted annually to coincide with the federal salary scale, GS 9 Step 1 level, incorporating the locality pay for the area in which the graduate is employed. There are 32 locality pay areas (including the "Rest of U.S." area) in the federal salary scale. The federal salary scale is reset each January and publicized by the Federal government (**United States Office of Personnel Man** <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2017/saltbl.pdf>), and the locality descriptions are also publicized on that website. We have copied information from the website below, which is subject to corrections subsequently made on the website (such as any retroactive pay adjustments made by Executive order).

#### **2017 General Schedule Effective January 2017: Annual Rates for Grade 9 Step 1 for Various Localities (as of January 2017)**

AL	\$50,106	Albany-Schenectady, NY
AQ	\$49,894	Albuquerque-Santa Fe-Las Vegas, NM
ATL	\$52,204	Atlanta- Athens-Clarke Count-Sandy Springs, GA-AL
AU	\$50,158	Austin-Round Rock, TX
BOS	\$54,182	Boston-Worcester-Providence, MA-NH-ME-CT-RI
BU	\$51,322	Buffalo-Cheektowaga, NY
CT	\$50,020	Charlotte-Concord, NC-SC
CHI	\$54,864	Chicago-Naperville, IL-IN-WI
CIN	\$51,694	Cincinnati-Wilmington-Maysville, OH-KY-IN
CS	\$50,169	Colorado Springs, CO
CLE	\$51,776	Cleveland-Akron-Canton, OH
COL	\$51,248	Columbus-Marion-Zanesville, OH
DAY	\$50,859	Dayton-Springfield-Sidney, OH
DEN	\$53,912	Denver-Aurora, CO
DET	\$54,358	Detroit-Ann Arbor-Warren, MI
DFW	\$53,030	Dallas-Fort Worth, TX-OK
DV	\$49,981	Davenport-Moline, IA-IL
HAR	\$55,175	Hartford-West Hartford, CT-MA
HB	\$50,011	Harrisburg-Lebanon, PA
HOU	\$56,646	Houston-The Woodlands, TX
HNT	\$50,958	Huntsville-Decatur-Albertville, AL
IND	\$50,106	Indianapolis-Carmel-Muncie, IN
KC	\$49,994	Kansas City-Overland Park-Kansas City, MO-KS
LR	\$50,465	Laredo, TX

LV	\$50,141	Las Vegas-Henderson, NV-AZ
LA	\$56,075	Los Angeles-Long Beach, CA
MFL	\$52,822	Miami-Fort Lauderdale-Port St. Lucie, FL
MIL	\$51,733	Milwaukee-Racine-Waukesha, WI
MSP	\$53,078	Minneapolis-St. Paul, MN-WI
NY	\$56,754	New York-Newark, NY-NJ-CT-PA
PB	\$49,946	Palm Bay-Melbourne-Titusville, FL
PHL	\$53,575	Philadelphia-Reading-Camden, PA-NJ-DE-MD
PIT	\$50,976	Pittsburgh-New Castle-Weirton, PA-OH-WV
POR	\$52,745	Portland-Vancouver-Salem, OR-WA
PX	\$51,283	Phoenix-Mesa-Scottsdale, AZ
RA	\$51,477	Raleigh-Durham-Chapel Hill, NC
RCH	\$51,118	Richmond, VA
SAC	\$53,692	Sacramento-Roseville, CA-NV
SD	\$54,920	San Diego-Carlsbad, CA
SF	\$59,760	San Francisco-Oakland-San Jose, CA
SEA	\$53,735	Seattle-Tacoma, WA
SL	\$50,098	St. Louis-St. Charles-Farmington, MO-IL
TU	\$50,024	Tucson-Nogales, AZ
DCB	\$54,972	Washington-Baltimore-Arlington, DC-MD-VA-WV-PA
AK	\$54,985	State of Alaska
HI	\$51,002	State of Hawaii
RUS	\$49,765	Rest of U.S.

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### Qualifying Loans

Federal and private commercial educational loans borrowed during enrollment at Tulane Law School for legitimate law school and bar examination expenses are eligible for repayment assistance. Federal loans (except Perkins) must be repaid over at least 25 years or based on income. Federal Direct Loan consolidation is required IF you have more than one servicer (except Perkins.) Repayment assistance on eligible loans is limited to the loan balance six months after graduation: higher payments due to periods of non-payment, deferment, or forbearance will not be recognized by the Program.

Excluded are federal and private commercial loans incurred during undergraduate and graduate education outside of enrollment at Tulane Law School, intra-family or other non-commercial loans, and loans in default or delinquency at the time of requesting assistance from Tulane.

### Benefit Limitations

Lifetime benefits from the program are capped at 60 months of benefits.

### Benefit Calculation

Tulane will issue a forgivable loan in the amount of regular monthly payments made for eligible loans, after subtracting an amount the participant is expected to pay ("graduate contribution") and multiplying the result by the percentage of pro bono work the graduate performs. "Graduate contribution" is the higher of 12% of the graduate's net income or 6% of his or her family net income. Net income is gross income from all sources less taxes, less \$3,000 per dependent child, and less certain business expenses for self-employed graduates.

### How to Apply

Initial application for the program must occur within three years of receiving a Tulane JD. A leave from the program may be taken, but reapplication must occur within two years of the leave. Initial applications are approved for a period of up to 15 months: the period approved may begin up to three months before and up to twelve months after the initial LRAP application is received. Renewal applications are approved for a period of up to 12 months at a time.

A complete application consists of: this application form, the last federal income tax form filed by the applicant (and the spouse), an employer certification form for the applicant (and the spouse), copies of current loan statements showing payment amounts, and, for the initial application, a Tulane Law School Loan Repayment Assistance Program Loan Master Promissory Note. Incomplete applications will be returned to the applicant and no loan will be issued.

Applicants who change jobs resulting in their no longer being in a qualifying position or who have income adjustments (or whose spouse has an income adjustment) resulting in an ineligible income must notify the Office of Financial Aid in writing within 30 days of ceasing to be qualified. At that time, eligibility will be recalculated, an invoice for any overpayment will be issued, and payment for ineligible benefits received by the participant must be made within 30 days. Failure to comply with this notification requirement will be considered a default against the LRAP Loan, and immediate payment in full on the outstanding note will be demanded.

### Program Year

The Tulane LRAP is administered on a yearly basis, beginning March 1st each year. Applications and supporting documentation are due on March 15th for March disbursement each year. Applicants approved for participation may receive periodic disbursements from the loan until the following March. Applicants may be approved at other times during the year; but a longer processing time may be required (up to eight weeks) for loan disbursement. Regardless of initial start-date, re-application is required each March 15th.

Forgiveness decisions for outstanding LRAP loans are made on the last day of March each year. Documentation supporting forgiveness decisions (either a renewal application or a letter from a participant who has left the program to the Law Financial Aid Office) must be received by March 15th to justify forgiveness of all or a portion of the loan. If neither is received by the last day of March, or if insufficient information for a decision is received, payment in full must be made by April 1st. If documentation is received and only a portion of the loan is qualified for forgiveness, payment for the portion not forgiven will be due in full on April 1st.

### Disclaimer

Tulane reserves the right to change the structure or benefits of the program or even to discontinue the program. Students and graduates should be aware that the type of qualifying employment, the maximum salary, the percentage of income a graduate is required to spend toward loan repayment, the loans subject to support, or any other feature may be altered at any time. Although the intention of Tulane Law School is continue supporting a Loan Repayment Assistance Program, future demands on limited resources may require changes to or even elimination of the program.

12/14/16

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**[finaid@law.tulane.edu](mailto:finaid@law.tulane.edu) [www.law.tulane.edu](http://www.law.tulane.edu)**

**For your review, IRS Code mentioned in the third paragraph of this document is reproduced below.**

United States Code  
Title 26 – Internal Revenue Code  
Subtitle A – Income Taxes  
Chapter 1 – Normal Taxes and Surtaxes  
Subchapter B – Computation of Taxable Income  
Part III – Items Specifically Excluded from Gross Income  
Section 108 – Income from discharge of indebtedness

**(f) Student loans**

**(1) In general**

In the case of an individual, gross income does not include any amount which (but for this subsection) would be includible in gross income by reason of the discharge (in whole or in part) of any student loan if such discharge was pursuant to a provision of such loan under which all or part of the indebtedness of the individual would be discharged if the individual worked for a certain period of time in certain professions for any of a broad class of employers.

**(2) Student loan** For purposes of this subsection, the term “student loan” means any loan to an individual to assist the individual in attending an educational organization described in section 170(b)(1)(A)(ii) made by—

**(A)** the United States, or an instrumentality or agency thereof,

**(B)** a State, territory, or possession of the United States, or the District of Columbia, or any political subdivision thereof,

**(C)** a public benefit corporation—

**(i)** which is exempt from taxation under section 501(c)(3),

**(ii)** which has assumed control over a State, county, or municipal hospital, and

**(iii)** whose employees have been deemed to be public employees under State law, or

**(D)** any educational organization described in section 170(b)(1)(A)(ii) if such loan is made—

**(i)** pursuant to an agreement with any entity described in subparagraph (A), (B), or (C) under which the funds from which the loan was made were provided to such educational organization, or

**(ii)** pursuant to a program of such educational organization which is designed to encourage its students to serve in occupations with unmet needs or in areas with unmet needs and under which the services provided by the students (or former students) are for or under the direction of a governmental unit or an organization described in section 501(c)(3) and exempt from tax under section 501(a).

The term “student loan” includes any loan made by an educational organization described in section 170(b)(1)(A)(ii) or by an organization exempt from tax under section 501(a) to refinance a loan to an individual to assist the individual in attending any such educational organization but only if the refinancing loan is pursuant to a program of the refinancing organization which is designed as described in subparagraph (D)(ii).

**(3) Exception for discharges on account of services performed for certain lenders**

Paragraph (1) shall not apply to the discharge of a loan made by an organization described in paragraph (2)(D) if the discharge is on account of services performed for either such organization.

**(4) Payments under national health service corps loan repayment program and certain state loan repayment programs** In the case of an individual, gross income shall not include any amount received under section 338B(g) of the Public Health Service Act, under a State program described in section 338I of such Act, or under any other State loan repayment or loan forgiveness program that is intended to provide for the increased availability of health care services in underserved or health professional shortage areas (as determined by such State).

From the U.S. Code <https://www.gpo.gov/fdsys/pkg/PLAW-114publ38/html/PLAW-114publ38.htm>, Laws in effect as of July 28, 2015.

United States Code  
TITLE 26--INTERNAL REVENUE CODE  
Subtitle A--Income Taxes  
CHAPTER 1--NORMAL TAXES AND SURTAXES  
Subchapter F--Exempt Organizations  
PART I--GENERAL RULE  
Section 501 -- Exemption from tax on corporations, certain trusts, etc.

**(a) Exemption from taxation**

An organization described in subsection (c) or (d) or section 401(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503.

**(b) Tax on unrelated business income and certain other activities**

An organization exempt from taxation under subsection (a) shall be subject to tax to the extent provided in parts II, III, and VI of this subchapter, but (notwithstanding parts II, III, and VI of this subchapter) shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

**(c) List of exempt organizations** The following organizations are referred to in subsection (a):

**(1)** Any corporation organized under Act of Congress which is an instrumentality of the United States but only if such corporation—

**(A)** is exempt from Federal income taxes—

**(i)** under such Act as amended and supplemented before July 18, 1984, or

**(ii)** under this title without regard to any provision of law which is not contained in this title and which is not contained in a revenue Act, or

**(B)** is described in subsection (I).

**(2)** Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section. Rules similar to the rules of subparagraph (G) of paragraph (25) shall apply for purposes of this paragraph.

**(3)** Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.