

New Hampshire Bar Foundation  
Law School Loan Repayment Assistance Program (LRAP)  
Program Description and Guidelines  
Revised 03/2017

**Mission.** The Law School Loan Repayment Assistance Program (LRAP) provides law school loan assistance, in the form of forgivable loans, to ensure the ability of NHLA, LARC, DRC, and Pro Bono to recruit and maintain a diverse body of highly qualified staff attorneys.

The New Hampshire Bar Foundation is a non-profit organization that supports programs that promote equal justice in New Hampshire. The Bar Foundation has recognized that increasing law school loan burdens have deterred promising law school graduates from accepting staff attorney positions at the legal services programs that assist the poor and elderly in New Hampshire. These debt burdens have also caused the departure of experienced and talented staff attorneys at these programs who had hoped to remain at these organizations and whose skill and dedication greatly benefited their clients and the agencies they served.

The Bar Foundation has adopted the following principles and basic procedures, which were proposed by a planning committee which researched similar programs in other states and surveyed legal services staff attorneys in New Hampshire about the extent of their law school loans.

**Eligibility:**

- Applicants must be a New Hampshire licensed attorney employed by NH Legal Assistance, Legal Advice & Referral Center, Disability Rights Center- NH or NH Pro Bono Lawyer Referral who have outstanding law school debt.
- Applicants must meet the salary requirements equal to the current IRS guidelines for student loan interest deduction.
- Applicants must seek other sources of law school loans assistance available to them in addition to this program.
- Effective June 1, 2018, returning applicants may be asked to show that the prior year's assistance was used to actually repay law school debt. Failure to prove funds were used for intended purposes may result in denial of their application and the recipient may be asked to repay funds given.

**Application Procedure:** On or about May 1 of each program year applications will be made available to all eligible participants. New attorneys hired in the middle of the program year will have 30 days from their date of hire to apply, otherwise, they must wait until the following program year.

All applications must include:

- A current list of all law school debts, including the name of each lender, the month and year repayment of each loan began (or scheduled to begin), the total outstanding balance, the dollar amount of payments due and the frequency of payments due.
- A current list of any other loan forgiveness programs the applicant is eligible for and the amount and date of assistance received or expected to receive.
- Fully executed Application for Assistance declaring that the applicant agrees that the funds received through LRAP will be used solely to repay qualifying law school loans and that they declare their annual income to be within the current IRS guidelines for student loan interest deductions.

### **Extent of Assistance:**

- The amount of each applicant's assistance is based upon their employment status. Part-time employment or length of employment within the grant year will be prorated by actual time employed.
- Recipients will not receive more than the yearly maximum of \$8,000 per applicant
- Recipients will not receive more than a life-time maximum of 80% of their total law school debt at the time of hire.

**Allocation of Funding:** The New Hampshire Bar Foundation has allocated funding for this program from the IOLTA Program. Continued operation of the program will depend upon the availability of IOLTA funding in succeeding years. The Bar Foundation intends to make this program permanent, but benefits will be provided in future years only to the extent that funds are available.

- Participants will receive 40% of their approved loan on or around September 1 and the remaining amount on or around May 31.

At the beginning of each program year, 20% of the total allocation will be held in reserve for qualified staff attorneys who may be hired during the year or for other unforeseen contingencies. At the end of the program year, before the final payments are made, any unused or returned money will be re-calculated and distributed to the current participants.

### **Calculating Loans:**

- **APPLICANT DEBT:** is calculated as 80% of their total qualified outstanding debt at the time of hire less any outside assistance.
- **TOTAL DEBT:** is calculated by the total amount of all applicant's qualified outstanding debt
- **QUALIFIER:** The **APPLICANT DEBT** is then divided by the **TOTAL DEBT** to determine each applicant's percentage of the **TOTAL DEBT**.
- **LOAN AMOUNT:** for each applicant is calculated by multiplying their **QUALIFIER** by the available **FUND AMOUNT** not to exceed \$8,000.

**Loans under this program will be discharged by the Bar Foundation upon certification that the recipients have provided services to NHLA LARC or Pro Bono or DRC.** The loans granted by the Bar Foundation will be forgivable to the extent that the recipient is employed by NHLA, LARC, DRC, or Pro Bono and is providing legal services to low income and elderly clients. At the end of the program year, NHLA, LARC, DRC, and Pro Bono will inform the Bar Foundation whether the loan assistance recipients have met this condition in whole or in part. The Bar Foundation will then forgive the loans it has issued, forgiving one quarter of each annual loan for each quarter of service actually provided during the applicable program year. The Bar Foundation will notify each recipient of its decision as to the extent of any such forgiveness on or before June 15 after the end of that program year.

**Federal income tax liability.** The Bar Foundation and the four legal services programs intend and believe in good faith that the discharge of loans issued by the Bar Foundation under this program would not create taxable income for loan recipients under the Internal Revenue Code because of the exemption provide by 26 U.S. C. 108(f), and in particular the 1998 amendments to that section that apply to loans discharged after August 5, 1997. The Bar Foundation is a non-profit refinancing agency under the last sentence of Section 108(f), and NHLA, LARC, DRC, and Pro Bono are non-profit agencies where the public service is being performed to meet unmet needs as required by Section 108(f)(2)(D)(ii). Notwithstanding the above, each recipient is responsible for determining her/his own federal income tax liability and making all required disclosures to the Internal Revenue Service and any other taxing entity.