

**Pennsylvania Bar Foundation - PA
IOLTA Board Loan Repayment
Assistance Program**

Program Policies

Overview

The Pennsylvania Bar Foundation (Foundation) is a non-profit, 501(c)(3) tax exempt organization whose mission is to represent the commitment of the lawyers of Pennsylvania to provide grants to improve the public's understanding of the law and its appreciation of democracy and to ensure that citizens, particularly Pennsylvania's most vulnerable, have full access to our legal system. That mission is advanced by the administration of the Pennsylvania Bar Foundation (PBF) - Pennsylvania Interest on Lawyers Trust Account (IOLTA) Board Loan Repayment Assistance Program (LRAP). The goal of the LRAP is to provide forgivable loans to attorneys to help them better manage their educational debt and to serve as a tool to help IOLTA funded legal aid organizations recruit and retain the "best and the brightest" attorneys for service in the public good.

The Pennsylvania Bar Foundation - PA IOLTA Board LRAP program does not discriminate on the basis of race, color, national origin, sex, age, sexual orientation, religion, disability, or veteran status.

1. Summary of the LRAP

The Program Directors at the eligible IOLTA funded organizations will be notified by the Pennsylvania Bar Foundation each year of the LRAP application process.

The Program Directors are expected to assist in the promotion of the LRAP by advising their staff members of the opportunity to apply. Additionally, Program Directors are also asked to certify the applicants' employment at the eligible organization and his/her good employment standing.

The loan application will be available online at: www.paioltagrants.org and through a link on the Pennsylvania Bar Foundation website at: www.pabarfoundation.org. Applicants will be able to complete, save and submit the form online and Program Directors will be able to certify the applicants' employment status and good employment standing.

A Loan Agreement, for the amount of the one-year loan assistance, will be executed between the Foundation and the attorney, and the initial quarterly payment will be made to the attorney. The attorney and the employer must submit quarterly statements to the Foundation verifying that the attorney remains qualified for the LRAP and has used the assistance for payment toward the qualified educational debt. The Foundation will make the remaining quarterly disbursements based on receipt of the quarterly certifications. Repayment of the assistance will be forgiven providing the attorney remains in qualified employment and meets the other requirements of the program at the end of the twelve month period associated with the one-year loan promissory note.

2. Administrative Oversight of the LRAP

An Advisory Committee, consisting of members appointed by the eligible IOLTA funded organizations, the IOLTA Board, and the Pennsylvania Bar Foundation, will serve in an advisory capacity to the Foundation concerning issues that may develop from time to time, and changes to the LRAP. The Foundation has full decision making authority for the administration and operation of the LRAP, but will seek counsel from the Advisory Committee for unusual circumstances and other matters it deems appropriate. The Foundation will convene a meeting of the Advisory Committee at least once each year to review the functioning of the LRAP.

3. Term of Loan Assistance

Subject to the requirements of the program, the LRAP provides for one-year forgivable loans, payable to qualified attorneys quarterly, with a 12-month employment requirement at qualifying organizations. Providing the attorney continues to meet the eligibility requirements, the attorney may apply for and receive up to ten, one-year forgivable loans over her/his tenure in qualified employment, and each loan carries a one year employment requirement for the loan to be forgiven.

4. Funding for the Loan Assistance

Primary funding for the program comes from an IOLTA Board grant to the Foundation. The grant is a three year commitment, and is contingent upon the continued collection of pro hac vice admission fees by the IOLTA Board in an amount sufficient to fund the grant. The IOLTA Board grant is renewable, and although continued funding is anticipated, it is not guaranteed. Continued operation of the LRAP depends on continued availability of funding in succeeding years. Assistance will be provided only to the extent that funds are available.

5. Extent of Loan Assistance

The amount of assistance will depend primarily on the amount of available funding and the number of qualifying attorney applicants.

6. Program Timeline¹

The Foundation will administer one program loan assistance cycle each year as follows:

September 1, 2018	Loan application documents available online.
October 15, 2018	LRAP applications due to the Foundation.
November 15, 2018	Submission of proof of licensure or authorization to practice law pursuant to Rule 311 if not previously provided.
November 30, 2018	Loan commitment letters with Loan Agreement sent to attorneys by the Foundation.
December 15, 2018	Signed Loan Agreement due to the Foundation.

¹ Documents must be received at the Pennsylvania Bar Foundation Office on the date due. Documents can be mailed, hand delivered, faxed or submitted as e-mail attachments.

January 3, 2019	Fully executed Loan Agreement returned to the attorney with first quarter loan disbursement.
March 29, 2019	First quarter attorney and employer certifications due to the Foundation.
April 15, 2019	Second quarter loan disbursement to attorney.
June 28, 2019	Second quarter attorney and employer certifications due to the Foundation.
July 15, 2019	Third quarter loan disbursement to attorney.
September 30, 2019	Third quarter attorney and employer certifications due to the Foundation.
October 15, 2019	Fourth quarter loan disbursement to attorney.
December 30, 2019	Fourth quarter attorney and employer certifications due to the Foundation.
January 31, 2020	Loan forgiveness documentation sent to the attorney.

7. Eligibility Requirements

Attorneys must meet the following eligibility requirements to qualify and receive a loan and to have that loan forgiven.

The Pennsylvania Bar Foundation reserves the right to request and review documentation to verify the applicant's initial and continuing eligibility. This may include, but is not limited to: proof of licensure or admission under Rule 311; tax returns and/or other income documentation; proof of satisfactory repayment status and use of loan advances towards payment of eligible debt; proof of eligible employment; and proof of application to other loan repayment programs.

If at any time prior to November 30, the applicant's eligibility changes in regard to any of the following criteria, the applicant must notify the Pennsylvania Bar Foundation.

a. Qualified Employers: Attorneys must be employed full time as of January 1 (i.e. at least 30 paid hours per week, on average) by a legal services organization that is currently funded by IOLTA Board. Such organizations are federally tax exempt 501(c)(3) Pennsylvania non-profit corporations whose primary purpose is the provision of civil legal assistance to indigent Pennsylvania residents without charge. Attorneys who change employment to another qualified employer during the loan assistance cycle, remain eligible for continued payments under the LRAP for the remainder of the cycle. Attorneys who are not employed by a qualified legal services organization, or who are not in good standing (i.e.; must not be in a disqualifying employment disciplinary status as determined by the employers policies) with his/her qualified employer at the start of the LRAP loan calendar year, must wait until the following loan calendar year to apply for loan assistance.

b. Qualified Employment Status: Parental/family care, educational, or disability leaves of absence from employment are counted toward the qualifying employment requirement up to a maximum of three months in one loan year. Since loan assistance payments are made quarterly, an attorney who is on leave more than three months will receive a pro rata portion of the

quarter's payment during which the attorney's leave extends beyond three months. For example, if the attorney was on qualified leave for two months of one quarter the attorney would receive the full quarterly payment. However, if the attorney remained on qualified leave for an additional two months of the succeeding quarter, the attorney would receive two thirds of the next quarterly payment. Attorneys on qualified leave at the start of the loan assistance cycle can apply for and receive a loan, but payment will be administered according to this policy.

Employment with a qualified organization will be certified by the applicant and employer annually with the grant application and quarterly followed by the disbursement of funds.

c. Bar Admission: Loan applicants must be licensed to practice law in Pennsylvania by the Pennsylvania Supreme Court or be permitted to practice law under Bar of Admission Rule 311. Applicants must have a valid Pennsylvania Supreme Court issued identification number and must be in good standing, or be admitted to practice in another jurisdiction, be in good standing in that jurisdiction, and practice law as an employee of a legal services organization as permitted by Bar of Admission Rule 311.

New graduates awaiting the results of the bar exam and admission are welcome to apply; however it will be the applicant's responsibility to provide proof of licensure no later than **November 15**, to remain in consideration for the current LRAP cycle.

d. Qualifying Income: The loan applicant must declare his/her total current and anticipated gross salary on the LRAP application. An applicant will be eligible for LRAP assistance if: (i) his/her total current annual gross salary is less than or equal to \$66,000; or (ii) if his/her annual student loan net debt service is greater than or equal to 10% of his/her total current annual gross salary, regardless of the total annual gross salary amount. Income does not include that of the applicant's spouse or other members of the applicant's household. No extraordinary financial circumstances will be considered (e.g., large medical expenses, etc.), nor are the assets of the attorney applicant considered.

e. Qualifying Educational Debt (Eligible Debt): The LRAP applies to educational debt based on loans from commercial and government lending institutions, as well as university or other private institutional loans associated with educational debt. Credit card debt, family and personal loans are excluded. Law school, bar exam study and undergraduate educational debts are qualified educational debt for the LRAP. Graduate and post-graduate educational debts are not qualifying debt for the LRAP. At the time of application, the amount of law school, bar exam study and undergraduate debt must be greater than or equal to the amount of the LRAP grant. The attorney's qualifying educational debt must be in satisfactory repayment status (includes deferment, forbearance or rehabilitated status) with their respective lender(s).

f. Application to Other Loan Repayment Programs: Applicants with federally-backed loans are strongly encouraged to learn about the repayment options offered through the College Cost Reduction and Access Act. Extensive information is available at www.equaljusticeworks.org.

Applicants are expected to make appropriate application to all other loan repayment programs for which they might be eligible including those offered through their law schools, employers², local bar associations and others. The Foundation maintains discretion to adjust any assistance paid based on an applicant's apparent eligibility for another loan repayment program.

8. Change in Status and Disqualifying Events.

a. Participants and their employers are required to promptly report to the Foundation any change in status that would affect eligibility.

i. Ineligible for Continued Payments An attorney will become ineligible for the LRAP for the following reasons: (1) separates employment from a qualified employer, (2) loses good standing with the qualified employer (suspended, probationary status, etc.), (3) defaults with any of his/her eligible student loan lenders; (4) has eligible debt in an amount less than the LRAP loan amount; and/or (5) fails to meet any other qualifying conditions of the LRAP program policies. If ineligibility occurs, further loan payments will be discontinued until the attorney again becomes eligible.

Should the attorney fail to regain eligibility, the following shall apply

ii. Repayment

A. Less than three years of LRAP participation - Attorneys who leave qualified employment or lose eligibility before completing three years in the loan forgiveness program will be required to repay the loan for that year in which the attorney becomes ineligible.

B. Less than three years of LRAP participation – Attorneys who leave qualified employment in Pennsylvania before completing three years in the loan forgiveness program to accept employment at an out-of- state legal services organization funded by the Legal Services Corporation or an out-of-state legal services organization whose primary purpose is the provision of free civil legal services to the poor, as defined by the PA IOLTA Board, will not be required to repay the loan for that year in which the attorney became ineligible to continue in the Pennsylvania LRAP.

C. Three years or more years of LRAP participation – Attorneys who leave qualified employment or lose eligibility after completing three or more years in the loan forgiveness program will not be required to repay the loan for that year in which the attorney becomes ineligible.

² If you receive loan repayment assistance from your employer and the Pennsylvania Bar Foundation- PA IOLTA Loan Repayment Assistance Program, it is your responsibility to advise your employer of the assistance being provided by the Pennsylvania Bar Foundation – PA IOLTA Loan Repayment Assistance Program.

- D. Involuntary Lay-off Due to Budgetary Cutbacks - Attorneys who are laid-off from qualified employment due to budgetary cutbacks will not be required to repay the loan for that year in which the attorney was laid-off.
- b. Based on the information provided on your quarterly attorney certification, your loan assistance will be re-evaluated if:
 - i. The amount of your annual net debt service decreases and becomes less than the amount of your current LRAP loan; or
 - ii. The amount of your annual net debt services increases by 50% or more and sufficient funds are available in the current year's budget to support a request for an increase in your loan repayment assistance. Should an increase be granted, in no case will the increase exceed the maximum level of loan repayment assistance being offered on an individual basis in the current budget year.

9. Federal Income Tax Liability

The Bar Foundation intends that the discharge of loans issued by the Bar Foundation under this program would not create federal taxable income for loan recipients under the Internal Revenue Code, based on the exemption provided by 26 U.S.C. Section 108(f), as amended. The Foundation makes no representations about taxability and advises each recipient to be responsible for determining his/her income tax liability and for making all required disclosures to the Internal Revenue Service and any other taxing authority.