

Indiana Bar Foundation

Loan Repayment Assistance Program (LRAP-IN)



Program Description

The Indiana Bar Foundation is a charitable organization that supports programs that promote access to justice in Indiana. The Foundation's statewide Loan Repayment Assistance Program (LRAP-IN) was established in 2006 as a statewide loan assistance program for law school graduates employed in non-profit organizations dedicated to serving the civil legal needs of low-income individuals and families in Indiana. This program is designed to assist attorneys who have incurred significant educational debt so they can work in civil legal aid programs for the poor.

The goal of LRAP-IN is to assist law school graduates who choose and wish to remain in employment in civil legal aid, and to assist civil legal aid organizations in recruiting and retaining qualified lawyers. LRAP-IN directs assistance in the form of a forgivable loan to applicants who would otherwise be precluded from accepting qualifying employment or who would be unable to continue to work in qualifying employment because of salaries that do not support their student loan debt burden.

Eligibility

- a. **Licensure.** All participants must be licensed to practice law in the State of Indiana. (This requirement may be waived for up to 12 months.)
- b. **Employment.** Applicants must be employed by a qualifying civil legal aid employer. Applicants may be employed full-time or part-time. Assistance to part-time attorneys shall be pro-rated. For example, attorneys who work four days per week receive 80 percent of the assistance for which they would be eligible if they were full-time. The list of organizations approved by the Foundation as qualifying employers is attached as Attachment 1. Other organizations may apply for approval to the Board of Directors.
- c. **Financial Eligibility.** A participant's salary may not exceed \$50,000.
- d. **Bar membership.** All participants, once licensed to practice law in the State of Indiana, must be an active member of the Indiana State Bar Association.
- e. **Eligible Loans.** Undergraduate, graduate and law school loans will be considered in determining the amount of assistance. Family and personal loans are excluded. Also excluded are loans for other than educational purposes.

Assistance

A maximum loan of \$5,000 per year may be awarded to each approved applicant. Loan assistance shall be paid quarterly directly to the participant on a prospective basis.

Application and Verification Procedures

Applications must be completed with the required documentation and submitted to the Foundation by the deadline for consideration. The Scholarship and Awards Committee of the Foundation reviews and makes decisions regarding eligibility and amounts of assistance. All information submitted in the applications is confidential.

If given an award, each participant shall submit documentation regarding employment and loan repayment verification quarterly in compliance with the deadlines in the award letter. Any financial or employment status changes shall be reported immediately by the participant to the Foundation.

Notification to Applicants

All applicants will be notified by mail of the results of their application. Those applicants who are selected as participants will be mailed information and instructions with their award notices. Award Notices must be signed and returned by the end of the first quarter of the award cycle. Award Notices not signed and returned by that date will result in forfeiture of the award. Extenuating circumstances may be considered by the Foundation upon request.

Loan Disbursement to Participants

LRAP-IN assistance must be used by the participant to pay educational loan debt. Assistance will be disbursed in the form of a check equaling one-quarter of the total annual award amount. In order to receive the quarterly check, the participant must submit proof of educational loan payment(s) during the prior quarter (three months), with the exception of the first quarter where documentation is required after the first check. Program assistance will, in no instance, be more than the amount of loan repayment paid by the participant. The participant also must provide verification that qualifying employment has been maintained during the previous quarter.

Eligibility Changes

Assistance shall cease in the quarter following the quarter when a participant's salary exceeds \$50,000 or a participant terminates qualified employment. Participants that terminate qualified employment during an award year shall re-pay assistance that is not forgiven.

If a participant changes employment to another qualifying employer during an award cycle, the participant's eligibility will be reviewed by the IBF Executive Director. If income qualifications are still met, there will be no change in the award amount during the current cycle. If income qualifications are not met, the award will be terminated at the time of the change. Former participants may apply in future award cycles if they have qualifying employment and income.

Discharge of Loans

Each loan shall be documented by means of a promissory note executed by the borrower in a form provided by the Foundation. The loans given by the Foundation will be forgivable to the extent the participant meets all applicable employment, income and other program requirements during the applicable program year. The Foundation will forgive the loan at the end of the annual award year.

Federal Income Tax Liability

The Foundation attempted to design this program to provide the maximum potential tax benefit to participants under changes in 1997 to Sections 108(f) of the Internal Revenue Code. The Foundation believes it has structured this program so that the loan amounts forgiven by the Foundation are not considered taxable income to the recipient, and thus do not have to be reported as such. However, there is very little authoritative legal guidance available to determine with certainty the proper tax treatment of this structure. The recipient remains solely responsible for any federal, state or local income tax liability s/he may incur because of the forgiveness of the Foundation loan.

Program Budget and Funding

The Foundation has budgeted \$50,000 for the 2007-2008 LRAP-IN program. The award year is July 1 – June 30. Program participation will be reviewed periodically. Excess funds will be allocated at that time to new applicants or to current participants. Continued operation and funding allocations are contingent on available funding.

Contact Information

All inquiries and correspondence about the program, including application procedures and deadlines, should be directed to:

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LRAP-IN Qualifying Employers

Community Organizations Legal Assistance Project	District Ten (Bloomington)
Elkhart Legal Aid Service	District Eleven (Columbus)
Indianapolis Legal Aid Society	District Twelve (Lawrenceburg)
Indiana Legal Services	District Thirteen (Evansville)
Law School Legal Services (Indianapolis)	District Fourteen (New Albany)
Law School Legal Services f/k/a/ Bartholomew Area Legal Aid (Columbus)	
Legal Aid Corporation of Tippecanoe County	
Legal Aid Society of Evansville	
Legal Services of Maumee Valley	
Middle Way House (Bloomington)	
Neighborhood Christian Legal Clinic	
Protective Order Pro Bono Project of Greater Indianapolis	
Volunteer Lawyer Program of Northeast Indiana	
Pro Bono Districts	
District One (Hobart)	
District Two Pro Bono Legal Services Committee (South Bend)	
District Three (Ft. Wayne)	
District Four (Lafayette)	
District Five (Lafayette)	
District Six (New Castle)	
District Seven (Terre Haute)	
District Eight (Indianapolis)	
District Nine (Richmond)	