Texas Student Loan Repayment Assistance Program

The Texas Access to Justice Foundation (TAJF) administers the Texas Student Loan Repayment Assistance Program (SLRAP) with funding from the State Bar of Texas (SBOT), TAJF and individual donors. The SLRAP was created in 2003 to encourage and enable recent law school graduates to work for Texas legal aid organizations and to assist legal aid programs in retaining experienced lawyers. The table below sets forth the increases in recipients, average debt and funding for the program in recent years.

	Applicants Accepted	Recipients For 4th Q	Average Debt	Average Monthly Obligation	Average Self Income	TAJF Expense	SBOT/Other Funding
2008	88	66	$78,139	$706	$42,594	327,535	$173,200
2009	92	82	$79,977	$628	$47,317	$389,081	$150,000
2010	126	114[1]	$83,239	$662	$45,928	$537,764[2]	$150,000

For 2011-12, you can download the application beginning on March 2, 2011 at http://www.teajf.org/grants/loan_repayment.aspx. **Applications are due April 1, 2011.**

LRAP in a nutshell:

Who is eligible?

Attorneys are eligible for loan repayment assistance through this Program if they work full-time for any Texas legal aid program that is: a) a recipient of Texas Access to Justice Foundation (TAJF) funds, b) a recipient of Legal Services Corporation funds, or c) a Texas non-profit that provides civil legal services, if at least 50 percent of the services provided are free to Texans whose income is 200 percent of federal poverty guidelines or less.

Why do you collect household income information?

At this time, there is no income cap for the recipient or the household. We collect the information so that if we do not have enough money to fully fund the program, we have the data we need to implement income caps. For 2009-10, no income caps were imposed.

How large are the loans?

The yearly maximum is $4,800. Individual LRAP loan amounts are up to $400 per month but will not exceed the total monthly payments that are due and payable on all loans.

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[1] PROJECTED
[2] PROJECTED

How are the loans forgiven?
Awards are for 12 months. Each loan will be forgiven at the end of the 12-month period, if the recipient maintained eligibility. If the recipient fails to maintain eligibility for any period of the loan, s/he will return that portion which represents payment for a period of ineligibility.

When are applications due?
Applications for 2011-12 are due April 1, 2011. Decisions will be made in April; contracts signed in May and the first loan payment received on or around June 1, 2011.

Are other loan repayment funds available?
You need to find out! Check with your law school to see if it has a program for which you qualify. Also check to see whether you qualify for assistance under newly-created federal loan repayment programs. More information on law school and other LRAP programs can be found at Equal Justice Works. These are payors of first resort and any payment received from other sources typically offsets the amount of monthly loan repayment provided by the Texas SLRAP. It is your responsibility to identify and apply to other LRAP programs for which you are eligible. TAJF grantee employers and law schools participating in our **Law School-LRAP Partnership Project** are not considered payors of first resort. Currently, Baylor is participating in this program. If your law school is interested, they should contact Lisa Melton at LDMelton@teajf.org.

How do I know if an employer is "qualified" under the guidelines?
Program guidelines provide that applicants must be employed full time (at least 35 hours per week) with a Texas non-profit legal aid organization that provides civil legal services to low-income Texans (up to 200% of poverty) if at least 50% of the services that are provided are free. If your employer receives funding from TAJF or the Legal Services Corporation, then it is "qualified". Employers not currently on the list may contact TAJF to provide information showing why they should be included. Requests must be in writing and can be directed to Lisa Melton, Special Projects Manager at LDMelton@teajf.org.

What if I move to the county attorney's office or another governmental legal services position?
You will lose eligibility for continued payments, future loans, and loan forgiveness. To get the full benefit of the LRAP, you need to keep working at a qualified legal services organization in Texas providing legal services for poor and underserved people for the full loan year.

What about a break in service, if I move from one eligible employer to another? Will I lose eligibility for loan repayment for that period?
It is likely that a reasonable break in service as you move from one employer to another will not

be a problem. It is important for applicants to advise us about any changes in status. TAJF has the discretion to make that determination. Let us know right away, so there won't be any problems.

Will I still be eligible under the program if I take leave from my job?

That depends. You need to tell us if your work status changes in any way: shifting to part-time or taking leave for any reason.

Should an eligible employer reduce the hours of an LRAP recipient, TAJF will permit continued participation if the part-time employment status is the result of budgetary cutbacks.

Additionally, there are circumstances when employees wish to remain employed in legal aid but they have family demands (birth of a child and care for an ailing parent are two examples but there are others) that make full-time employment untenable. TAJF, **on a case-by-case basis and within TAJF's discretion**, may consider applicants employed part-time if unusual circumstances exist and applicants meet all other eligibility requirements. If such unusual circumstances exist, the part-time employment must meet the following conditions:

- It must be the exclusive employment of the individual
- It must be a minimum of 20 hours per week
- It must be with an eligible employer

If approval is granted, income eligibility is determined by computing the full-time equivalent annual salary and then pro-rating the resulting award amount by the percentage of full-time which the applicant is employed. Full-time is considered 40 hours per week for computing the pro rata award amount.

Example

A part-time applicant employed exclusively by a non-profit employer for 20 hours per week is approved for participation based on special circumstances. Twenty (20) hours represents 50% of full-time employment and individual would qualify for 50% coverage.

If the applicant's student loan payments totaled the TAJF allowable maximum at $400/month, 50% coverage would be $200. The applicant would receive $2,400 for the year.

However, if the applicant went back to full-time employment of 35 hours or more, the LRAP payment would increase to 100%.

How much money can I get in LRAP loans?
It depends! The program is designed to pay up to $400 per participant per month, for eligible loans for up to ten (10) years. The amount paid for each month will not exceed the amount that is due and payable on all student loans for the period.

How is the monthly loan repayment amount figured? For example, I have consolidated my loans, and I'm on a 20 year repayment schedule now, so my monthly amount is only $250. Is that the amount that the LRAP would cover or is there a possibility of it covering more than my current monthly payment?
The LRAP program covers only actual monthly payments. You and your lender must tell us what your monthly debt service actually is, and you need to set that amount based on your personal financial circumstances. We will not provide funds for potential debt service. You can't get more from LRAP than you are actually paying out. It is up to each applicant/participant to decide how to manage their loans. Thus, if you pay $250 per month on law school loans, you are eligible for up to $250 per month from the LRAP. Note that family and private loans are not 'eligible' debt – so the applicant's eligible debt load could not be increased by including those amounts.

Last year I received a lump sum payment which I used to prepay my lender. However, although I continue to make monthly payments, my loan statement indicates that I do not owe monthly payments for part of the year for which I am seeking LRAP assistance. Can I still receive assistance for the entire year?
We will consider providing assistance for the entire year if you provide documentation showing that you continue to make monthly payments. We recommend that if you find yourself with lump sums to apply to your loans, you should ask your lender to apply such sums to the loan principal.

What if I might be eligible for another LRAP from another source, such as my law school?

The Guidelines require you to apply to all LRAP programs for which you might be eligible. You need to find out whether your law school has such a program and if so, submit a timely application. TAJF will calculate your loan based on your total eligible debt service. If the total debt service is $600 per month on your law school loans and you receive an LRAP from your law school that is equal to $300 per month, you would be eligible for a TAJF loan of no more than $300 per month – the amount owed after deducting the law school LRAP. TAJF works with LRAP program participants after an award decision is made to determine final award amounts. It is your job, however, to find out what LRAP programs you might be eligible and to apply for them. In addition to checking with your school, we recommend that you check the Equal Justice Works website (www.equaljusticeworks.org) as one source for this information. TAJF reserves the right to reduce awards of any applicant who fails to apply for an LRAP for which s/he might be eligible.

How do I handle consolidated loans on the application?

Due to the difficulty in tracking law school loans within ***currently consolidated loans***, applicant's undergraduate, law school debt and debt incurred in joint degree programs, where one degree is a juris doctor, may be covered. All institutional loans used for educational expenses may be covered under this Program. Loans from family and other private sources are NOT eligible.

How do I verify that I have paid my student loans?

You may fax, mail or e-mail proof which can include a copy of your loan statement(s) that evidence payments during the three periods prior. You may send a screen shot that evidences payment on the loans. It is your responsibility to make sure we get all the forms we need for our decision.

What if I am in default or a period of forbearance?

An applicant who is in default, forbearance and/or deferment on a loan is eligible to apply for SLRAP assistance, but s/he must remedy the default and/or remove the forbearance and/or deferment prior to receiving an SLRAP payment.

How will the loan proceeds be disbursed? What if I choose to use the proceeds to meet another financial obligation?

Loans will be paid by check to the individual participant, up to four times per year. You must

make timely loan payments for the entire period that you are receiving loans from us, or seeking loan forgiveness. It is your responsibility to ensure that funds you need to repay your loans are **not** diverted to other purposes, leaving you without the means to stay current on your debt service.

Are the funds that I get under the LRAP taxable income?

The Texas SLRAP was designed to fit within existing rules that would make forgiveness of LRAP loans not taxable as income. You should seek advice from a tax professional on this issue, as the Foundation is not in a position to provide advice on tax issues.

Where can I get more information on the Texas SLRAP?

TAJF's website, www.teajf.org, has a page for the LRAP program. You will find there the current guidelines for the program, the eligible employer list as well as information about the application process. Please read the Guidelines carefully – they will answer most of your questions. If you still have questions, contact TAJF's Special Projects Manager at LDMelton@teajf.org.

Download the (insert hyperlink to application). **Applications are due April 1, 2011**.

Questions: Lisa Melton, Special Projects Manager LDMelton@teajf.org or 281-785 5759.