

# Berkeley Law

## **Loan Repayment Assistance Program Handbook**

**Classes of 1997 - 2012**

2021-2022 Program Terms

Last Updated: August 1, 2021



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## **I. Mission**

In furtherance of its strong commitment to public service graduates, Berkeley Law maintains a goal of preserving career choice by lowering the student debt barrier. Since 1997, Berkeley Law has supported public interest graduates through its Loan Repayment Assistance Program (“LRAP” or the “Program”). LRAP is designed to aid eligible Berkeley Law J.D. graduates undertaking qualifying public service employment by providing funding to help cover educational student loan payments.

Graduates from the classes of 1997 - 2012 can utilize one of two LRAP tracks. The first is the Standard Track, which helps graduates make payments under the Standard 10-year repayment plan for up to 120 months. The Standard Track can provide full LRAP assistance to participants with \$100,000 or less in student loan debt. The second option is the Income-Driven Repayment (IDR) Track. LRAP participants in the IDR track have the option of utilizing income-driven repayment on their student loans each month for up to 120 months. After 120 months, those participants are encouraged to apply for Public Service Loan Forgiveness to have their remaining loan balance forgiven. This option allows participants to receive full LRAP support for student debt greater than \$100,000.

This Handbook applies only to the classes of 1997 - 2012. Please see our [LRAP Handbook](#) for the classes of 2013 and beyond for information regarding those graduating classes.

## **II. Eligibility**

### **A. Qualifying Educational Track**

LRAP is available to students who earned their Juris Doctor (J.D.) degree from the University of California, Berkeley School of Law. Graduates of the Ph.D. (JSP), LL.M., and J.S.D. degrees are not eligible, nor are students admitted to the third-year visiting student program. Graduates must enter the Program within 3.5 years of graduation (or, 3 years after the grace period ends on qualifying law school loans) to be eligible.

Students who transfer in to Berkeley Law are eligible for LRAP assistance. If a graduate attended Berkeley Law for only two years, the maximum number of years of LRAP support while in the Standard Track is seven years because the graduate paid only two-thirds of the Professional Degree Fee, the primary source of funding for the Program. However, if the graduate utilizes the IDR Track, they are eligible for up to 10 years of LRAP support. Students who transfer out of Berkeley Law are not eligible for LRAP assistance.

## **B. Qualifying Employment**

### *i. Definition*

Qualifying employment for LRAP purposes is defined as greater than half-time work for a nonprofit organization or a government entity in law-related employment (see Section II.B.i.a. below). It includes but is not limited to prosecutors, public defenders, military JAG corps, legislative staff, and administrative agency staff that make substantial use of legal skills, for example, by requiring a J.D. and/or passage of the Bar or otherwise drawing heavily on law school training. Non-tenure and tenure track academic positions at nonprofit educational institutions, including clinical instructors and research fellows, can also qualify, so long as the positions are law-related and meet our salary requirements (see Section II.D.). The inclusion of tenure track academic positions began with the class of 2012 JSP graduates who earned their J.D. at Berkeley Law.

LRAP does not cover graduates whose employment has been deferred and are receiving a fellowship or stipend to do public interest or pro bono work before joining their private law firms. Graduates receiving such temporary deferred fellowships from law firms do not meet the LRAP qualifying employment requirement because they have not relinquished their employment with the firm that is providing the fellowship; their employment has been deferred, but not terminated. LRAP is designed to provide assistance solely to graduates who are pursuing public interest work or government employment.

### *a. Law-Related*

Employment must be law-related to qualify for LRAP support. A position is clearly law-related if the job title includes “attorney,” the job description states that a J.D. is required, and/or the job description states that Bar passage is required. A position is likely to qualify for LRAP if the job description states that a J.D. is preferred, so long as the position makes substantial use of legal skills.

If it is unclear whether a position is law-related (i.e., the job description does not state that a J.D. is required or preferred), the Financial Aid Office may request further information or a letter from your employer detailing how your position makes substantial use of legal skills and why although a J.D. may not be required, an applicant with a J.D. is preferred for that position. The Financial Aid Office retains discretion to make determinations of which positions qualify as “law-related.”

### *ii. Exceptions*

Exceptions to the above definitions of LRAP-qualifying employment may be approved, but typically require additional steps such as more extensive counseling or supplemental application materials. Please [schedule an LRAP appointment](#) if you are considering one of the

following career paths.

a. *Part-Time*

In order to be eligible for LRAP you must be working greater than half-time as defined by your employer. Typically, this means greater than 20 hours per week.

However, if you are pursuing Public Servicer Loan Forgiveness, you must meet your employer's definition of full-time and must work at least an annual average of 30 hours per week. Part-time work does not qualify for PSLF. If you plan to seek PSLF, we strongly recommend pursuing full-time employment as required by the PSLF regulations. Eligibility for LRAP is not a finding of eligibility for PSLF. Approval for LRAP as a part-time participant may require additional counseling.

b. *International Employment*

Positions with international NGOs or foreign governments meeting the above requirements can qualify for LRAP coverage, but do not typically qualify for PSLF. To qualify for PSLF, international employment must be with a U.S.-based 501(c)(3) nonprofit or a foreign not-for-profit that operates in the U.S. Eligibility for LRAP is not a finding of eligibility for PSLF. Approval for LRAP as a participant working in international employment may require additional counseling or an appeal for LRAP support.

c. *Clerkships*

One or multiple judicial clerkships intended to last a consecutive two or more years are considered qualifying employment.<sup>1</sup> Judicial clerkships of less than two years qualify only if the graduate intends to pursue public service employment immediately (within three months) following the clerkship. If the graduate fails to work in qualifying employment or enroll in LRAP following the end of a clerkship that is less than two years, the balance of any LRAP loans will become due to the University of California.

d. *"Low-Bono"*

Graduates from the classes of 2010 onward can receive LRAP support by working for a union or plaintiffs'-side firm, but these positions do not qualify for PSLF. "Low-bono" employment can qualify for LRAP support so long as the employer predominately provides services to underserved members of society in practices areas such as civil rights, human rights, criminal law, employment law, housing law, and immigration law, among others. LRAP also

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<sup>1</sup> To receive LRAP support, the length of the clerkship must be two years (or one year followed by qualifying public interest employment). However, *a participant is not required to participant in LRAP for two years, or the entire clerkship period, to be eligible*. It is the length of the clerkship that matters, not the length of LRAP participation.

mandates that at least 50% of the work of both the employer and the applicant involve providing legal services on a pro bono, reduced-fee, or court-awarded fee basis to such underserved individuals or organizations. The Financial Aid Office may request a letter from your employer detailing how your position meets these two requirements.

Private employment is not eligible for PSLF. If you plan to seek PSLF, we strongly recommend pursuing employment with a 501(c)(3) nonprofit or with a government entity as required by the PSLF regulations. Eligibility for LRAP is not a finding of eligibility for PSLF. Approval for LRAP as a low-bono participant may require additional counseling or an appeal for LRAP support.

### iii. *Unemployment*

If you are unemployed during your LRAP contract, you are not eligible for LRAP any month you are unemployed for the majority of the month. The change in employment will be addressed through the cancellation process (see Section VI.) at the end of your contract. If you received LRAP funds in excess of your eligibility, we will bill you for that amount after your contract ends. If you are facing voluntary or involuntary unemployment, we recommend speaking with an LRAP Advisor to discuss your options.

We encourage graduates who are unemployed or taking an extended period of unpaid leave to apply for forbearance or deferment. Alternatively, graduates can opt to apply for an income-driven repayment plan or have their income-driven monthly payment amount recalculated based on their income, which may be \$0. If successful, graduates will not need to make student loan payments and subsequently, will not need LRAP support, until they return to qualifying employment. Please contact an LRAP Advisor or your loan servicer to discuss which specific options are available to you.

## **C. Qualifying Loans**

Federal and private student loans provided by a U.S. lender may qualify for LRAP. Federal student loans include Direct Stafford subsidized and unsubsidized loans, Direct Graduate PLUS loans, Direct Consolidation loans, and Perkins loans. Except for the Bar study loan, only private student loans certified by the Berkeley Law Financial Aid Office are eligible for LRAP.

The eligibility of different loan types further depends on whether the participant selects the Standard or the IDR Track. Once a participant selects the IDR Track, they cannot go back to the Standard Track for the remainder of their participation in the LRAP.

For graduates in the Standard Track, LRAP will assist with payments made on the principal and capitalized interest of federal and private educational loans borrowed for the J.D. Program. Any loan amount borrowed in excess of the student budget as determined by the Financial Aid Office for any particular year will not be eligible for LRAP assistance. The only

exception is a Bar study loan obtained for the post-graduation period. The overall cap on principal and capitalized interest for all loans covered by LRAP Standard Track shall be \$100,000 for law school loans, no more than \$10,000 of which can be for Bar study loans. Graduates with over \$100,000 in student loan debt cannot receive 100% LRAP assistance in the Standard Track.

For graduates in the IDR Track, the overall loan cap is removed if the participant utilizes the federal government's income-driven repayment options (i.e., IBR or PAYE) for all of their federal student loans. LRAP coverage can include federal student loans acquired prior to attending Berkeley Law so long as those loans are enrolled in an income-driven repayment plan. For participants in this track, LRAP will support the repayment of no more than \$10,000 in Bar study loans and only the private educational loans obtained while earning the J.D. at Berkeley Law.

Federal Family Educational Loan ("FFEL") Program loans and/or Perkins Loans are not eligible for forgiveness through PSLF. These types of loans must be consolidated to create a new Direct Consolidation Loan, and then a borrower must make 120 qualifying payments on that Direct Consolidation loan to be eligible for PSLF. However, consolidating any loans you have already made qualifying payments on may negatively affect your path toward PSLF. Please contact the Financial Aid Office at [lrp@law.berkeley.edu](mailto:lrp@law.berkeley.edu) if you have questions about, and before, consolidating FFEL or Perkins loans.

Graduates cannot participate in LRAP if their loans are in a grace period, deferment, or forbearance. LRAP support can begin once any grace period, deferment, or forbearance ends. Furthermore, loans in delinquent or default status are not eligible for LRAP support. Graduates must resolve delinquencies and/or defaults before those loans can become eligible for LRAP support.

i. *Repayment Plans*

LRAP participants in the Standard Track should be enrolled in the Standard 10-year repayment plan or otherwise be paying their loans on a 10-year schedule. LRAP will provide each participant a forgivable loan equal to their scheduled student loan payments less any imputed contribution to be made on the principal and capitalized interest of eligible loans during the LRAP contract period. For participants in the Standard Track, payments made in excess of those due under a 10-year repayment schedule are not eligible for assistance. Although the Program will assist with payments made on an amortization schedule greater than 10 years, the amount of LRAP loans forgiven will be no more than the actual scheduled loan payments made. Participants cannot apply for a LRAP loan based on a 10-year repayment schedule, make payments less than that amount, and expect their entire LRAP loan to be forgiven. To take maximum advantage of the LRAP, participants in the Standard Track are advised to structure the repayment of their debt with a Standard 10-year repayment plan.

LRAP participants in the IDR Track must apply for an income-driven repayment plan prior to receiving LRAP support. The income-driven plans that qualify for LRAP are Income-

Based Repayment (“IBR”), Income-Based Repayment for New Borrowers (“New IBR”), and Pay As You Earn (“PAYE”). On a case-by-case basis, participants may be approved to receive LRAP support while enrolled in the Revised Pay As You Earn (“REPAYE”) plan. It is the applicant’s responsibility to determine which IDR plan works best for their specific circumstances and goals. We recommend speaking with an LRAP Advisor if you have questions about which plan to choose.

If an applicant in the IDR Track applies for an income-driven repayment plan using accurate income information and is denied for not having a partial financial hardship<sup>2</sup>, LRAP encourages the applicant to enroll in the Standard 10-year repayment plan. This typically occurs when a participant’s loan debt is relatively low. In such situations, LRAP can provide support up to the monthly Standard 10-year repayment plan amount or \$1,000 a month, whichever is less, and no less than the amount the applicant would have paid had they been approved for a qualifying income-driven repayment plan. Specifically, LRAP support will at a minimum cover a payment that is equal to 15 percent of your discretionary income (the difference between your income and 150 percent of the poverty guideline for your family size, state of residence, and year of application).

#### **D. Income**

Eligibility for LRAP loans also depends on an applicant’s annualized full-time income. Gross income must be reported in the Financial Statement section of the LRAP application (see Section IV.). Applicants must provide gross income before taxes, deductions, or adjustments. For most individuals this is equivalent to the published annually salary as reported on the LRAP Employer Verification Form. Applicants must report gross income from all sources, including salaries, bonuses, interest income, dividend income, and rental income.

For information gathering purposes, LRAP may ask applicants to include information about their assets. For the time being, assets will not affect an applicant’s LRAP income or eligibility. Any potential changes to our income calculations would be announced well in advance, including details about which class years any changes would affect. Applicants may be required to report assets cumulatively totaling over \$150,000 in value. “Assets” include financial assets such as savings and investments (excluding retirement accounts), real estate, and inheritances and estate gifts in the year the funds are received.

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<sup>2</sup> A partial financial hardship (“PFH”) is an eligibility requirement for the IBR and PAYE plans. Instead of being based on a particular income, a PFH is based on your debt-to-income ratio. According to the Department of Education, you have a partial financial hardship when “the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 15 percent (for IBR) or 10 percent (for PAYE) of the difference between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.” (See [studentaid.gov/help-center/answers/article/partial-financial-hardship](https://studentaid.gov/help-center/answers/article/partial-financial-hardship).) Essentially, your application for IBR or PAYE may be denied if your debt-to-income ratio is low enough so that your income-driven payments would be higher than your payments under the Standard 10-year repayment plan.



i. *Part-Time*

Your income for LRAP purposes is calculated based on full-time employment. For those applicants working less than full-time (but no less than 51% time as required by LRAP) or less than a full calendar year, it includes salary adjusted for the calendar period employed and the number of hours worked per week.

*Formula for annualized full-time income:*

$$\text{LRAP income} = \frac{40 \times \text{salary}}{\# \text{ hours worked}}$$

ii. *International Employment*

Your income for LRAP purposes is calculated in U.S. dollars. If you are not paid in U.S. dollars and you live in a foreign country, we will adjust your salary based on a real exchange rate to U.S. dollars at the time of your application to determine your LRAP eligibility. We will not recalculate your LRAP eligibility mid-contract based on changes in exchange rates.

iii. *Marriage*

A married participant's annualized full-time income will be adjusted if their spouse has a higher income, in which case the participant's income will be calculated based on half of the joint income of the couple (i.e., the couple's average income). An LRAP applicant's marital status at the time of applying will dictate what income information is considered for the upcoming contract period; we will not make adjustments mid-contract.

*Formula for applicants with spouses that have a higher income:*

$$\text{LRAP income} = \frac{\text{applicant income} + \text{spouse income}}{2}$$

Applicants need to report their partner's income only if the participant is legally married (i.e., eligible to file federal taxes jointly with their partner). As such, participants in a registered domestic partnership do not need to report their partner's income.

LRAP can provide full support only to participants who are single or who are married and file taxes separately. If a married participant in the IDR Track files taxes jointly, sometimes the participant may receive an inflated monthly payment amount much higher than expected given the participant's sole income. In that case, LRAP may not provide full support covering the entire monthly payment amount, but instead will cover only a portion of the monthly payment. We determine the amount of LRAP funding a married-filing-jointly participant is eligible for

using an internal calculation based on the formula used by the Department of Education to determine IDR monthly payments. More specifically, the Financial Aid Office will provide support up to an amount based on 15 percent of the LRAP applicant's discretionary income (the difference between the applicant's sole income and 150 percent of the poverty guideline for their state of residence). Our calculation will result in a new LRAP monthly payment no less than the amount the applicant would have been assigned had they filed taxes separately and applied for IBR. We recommend speaking with a tax professional to discuss the consequences of filing taxes jointly or separately.

When two LRAP participants are married to one another, for LRAP purposes the Financial Aid Office will treat their incomes independently as if they were single. Please let the Financial Aid Office know if you are married to another LRAP participant. If either spouse exits LRAP, the Financial Aid Office will resume standard consideration of both spouse's incomes as described above beginning at the start of the continuing participant's next LRAP contract.

iv. *Dependents*

For LRAP purposes, those with dependents (as defined using federal income tax guidelines) shall receive a reduction of their LRAP income by \$6,000 for the first dependent and by \$4,000 for each additional dependent.

*Example formulas for dependent deductions:*

**LRAP income for an applicant with 1 dependent** = *applicant income* – \$6,000

**LRAP income for an applicant with 2 dependents** = *applicant income* – \$10,000

**LRAP income for an applicant with 3 dependents** = *applicant income* – \$14,000

Married LRAP participants with dependents can opt to apply each dependent deduction to only one participant's income, not both.

v. *Imputed Contribution*

As of August 1, 2021, LRAP participants with annualized full-time incomes of \$80,000 a year or less will receive 100% LRAP coverage. For LRAP participants in the IDR Track with annualized full-time incomes of \$80,000 a year or less, LRAP will cover 100% of the participant's monthly payments under an income-driven repayment plan. For LRAP participants in the Standard Track with annualized full-time incomes of \$80,000 a year or less, LRAP will cover 100% of the participant's monthly payments under the Standard 10-year repayment plan (at the time of graduation) for those graduating with less than \$100,000 in student loan debt, or 100% of a prorated monthly payment amount for those with more than \$100,000 in student loan debt.

For LRAP participants with annualized full-time incomes between \$80,000 and \$100,000, LRAP support is prorated. Participants are expected to contribute 35% of their income over \$80,000 to their own federal student loan payments out-of-pocket (your “imputed contribution”), with LRAP covering the remainder of the monthly income-driven loan payment.

Imputed contribution is calculated per month based on your annualized income for the majority of that month. The majority of the month is approximately 50% of the working days, which is typically 10-11 working days. For example, if your salary is \$75,000 as of March, but you receive a salary increase to \$85,000 on March 25, your imputed contribution is \$0 in March and \$145 in April.

Graduates with annualized full-time incomes of \$100,000 or more (after any dependent deductions are applied) are not eligible for LRAP support unless and until their income decreases below \$100,000.

*Formulas for imputed contribution for applicants making greater than \$80,000:*

**Yearly imputed contribution** =  $(LRAP\ income - \$80,000) \times .35$

**Monthly imputed contribution** =  $\frac{(LRAP\ income - \$80,000) \times .35}{12}$

*Imputed contribution examples:*

LRAP Income	Imputed Contribution Per Month
\$60,000	\$0
\$65,000	\$0
\$70,000	\$0
\$75,000	\$0
\$80,000	\$0
\$85,000	\$145.83
\$90,000	\$291.67
\$95,000	\$437.50

So long as your monthly payment is larger than your monthly imputed contribution, you are eligible for LRAP support upon meeting all other LRAP requirements. If your imputed contribution is higher than your monthly loan payment, you are not eligible for LRAP support unless and until your imputed contribution decreases or your monthly loan payment increases. Please utilize the [LRAP Calculator](#) to determine if you are eligible for support.

vi. *Mid-Contract Changes*

Please immediately notify the Financial Aid Office of any changes in address, family size,

income, monthly payment, or employment by emailing [lrp@law.berkeley.edu](mailto:lrp@law.berkeley.edu).

If your income changes in a given month, we use the income that corresponds to the position you held for the majority of the month (approximately 50% of the working days). If your income is over \$80,000, you may not be eligible to have 100% of your LRAP loan forgiven. This is addressed in the cancellation (i.e. forgiveness) application review (see Section VI.). If you need to repay funds, you will be notified after your forgiveness application is reviewed and will have at least a four month grace period before payments become due on the balance owed (the portion of your LRAP loan that was not forgiven). To help you plan financially, we recommend notifying us as soon as possible, according to the terms of the LRAP Promissory Note, of any changes that may affect your eligibility so that we can estimate how much of your LRAP loan will not be forgiven. This will allow you to responsibly plan for any balance due at the end of your contract. See Section V.B. for more information about the LRAP forgivable loan.

### **III. Program Length**

Graduates seeking to participate in LRAP must enter the Program within 3.5 years of graduation, or 3 years after the end of their federal loan grace period for their law school loans, which normally is six months after graduation from Berkeley Law.

The maximum length of LRAP participation is 120 months (10 years). These months are cumulative, not consecutive. So long as a participant enters the Program within 3.5 years of graduation, they can enter and exit the Program until completing 120 months of LRAP support. Ten years of eligible student loan payments (i.e., 120 on-time payments made while in qualifying employment) will enable participants in the Standard Track to pay off their eligible loans in full, and participants in the IDR Track to apply for federal Public Service Loan Forgiveness. Participants planning to pursue PSLF are strongly encouraged to carefully review all the requirements of this federal program on a regular basis and ensure their compliance. See Section VIII. for more information about compliance with PSLF.

#### **A. Medical and Family Leave**

Graduates may receive LRAP support during periods of paid and unpaid medical and family leave while employed in qualifying employment. This includes medical, parental, and family medical care leave. Parental leave includes birth, adoption, or foster care placement of a child. For family medical care leave, family members include spouse, children, parents, siblings, and grandparents.

So long as a participant is still employed, LRAP will provide up to six months of support during qualifying leave for each incidence of leave, with a maximum of 24 months of leave support during the 120 months of participation in the Program.

We encourage graduates who are unemployed or taking an extended period of unpaid leave to apply for forbearance or deferment. Alternatively, graduates can opt to apply for an

income-driven repayment plan or have their income-driven monthly payment amount recalculated based on their income, which may be \$0. If successful, graduates will not need to make student loan payments and subsequently, will not need LRAP support, until they return to qualifying employment. Please contact an LRAP Advisor or your loan servicer to discuss which specific options are available to you.

## IV. Application Process

### A. Deadline to Apply

You must initially apply for and enter LRAP within 3.5 years after graduation. LRAP coverage can first begin at the end of your grace period for federal loans, which is generally in November or December if you graduate in May.

The Financial Aid Office processes LRAP applications on a first-come, first-served rolling basis throughout the year. Including all required application materials will prevent delays in application processing.

Applications for LRAP support must contain all required information. Please refer to our [How to Apply for LRAP webpage](#). We require the following (all forms can be found on the [LRAP Forms](#) webpage):

- Completion of the online [application](#).
- Current [Employer Verification Form](#) signed by your employer (signed no more than 40 days in the past).
- Current loan information
  - IDR Track: Income-Driven Repayment plan approval letter and/or payment schedule
  - Standard Track: current billing statement and information about remaining loan balances.

To renew LRAP support, we recommend submitting a new LRAP online [application](#) at least 30 days before the end date of your current contract to ensure your new contract starts before your next payment is due. You must include an up-to-date [Employer Verification Form](#) (signed no more than 40 days prior to form submission) and current loan documentation showing your monthly payment amount and payment schedule during your next LRAP contract period.

## V. Receiving LRAP Funding

### A. Calculation of LRAP Support

LRAP will provide each eligible participant a forgivable loan equal to their scheduled student loan payments for up to 12 months, less any imputed contribution during that period.

*Formula for LRAP support:*

$$\text{LRAP support} = (\text{monthly loan payment} - \text{monthly imputed contribution}) \times \text{months of LRAP contract}$$

For participants in the IDR Track, the Financial Aid Office intends to align LRAP contracts with income-driven repayment plans, which typically last 12 months. LRAP contracts may be shorter than 12 months if 1) an applicant has less than 12 months remaining in their current income-driven repayment plan, or 2) a participant knows they will be exiting qualifying employment or transitioning jobs in less than 12 months.

### B. Forgivable Loan

If you are eligible for LRAP support, you will receive funding directly from Berkeley Law in the form of a forgivable loan for the length of the LRAP contract. During that period, you must make the required student loan payments directly to your loan servicer on a monthly basis according to your repayment plan. At the end of your LRAP contract period, you will provide proof of those loan payments, income, and employment. If your employment and income remained the same and you made your payments as expected, your LRAP loan will be fully forgiven.

Under Internal Revenue Code section 108(f) and Rev. Rul. 2008-34, LRAP loans are currently not considered taxable income, so long as the recipient is working in a “law-related public service position for, or under the direction of, a tax-exempt charitable organization or a governmental unit, including a position in (1) a public interest or community service organization, (2) a legal aid office or clinic, (3) a prosecutor’s office, (4) a public defender’s office, or (5) a state, local, or federal government office.” Participants working in other types of employment should consult a tax professional regarding the taxability of a forgivable LRAP loan.

A determination made by Berkeley Law that you are eligible for an LRAP forgivable loan does not constitute a finding that the loan will also be tax-exempt under applicable federal or state laws, and should not be relied upon as such.

### **C. Award Documents**

If you meet the requirements to receive an LRAP forgivable loan, you will be sent 1) an award letter, 2) an Information Certification, and 3) a Promissory Note. LRAP participants are required to review the information for accuracy, read and understand the terms of the agreement, then sign and return the documents to the Financial Aid Office. The Financial Aid Office cannot issue an LRAP payment until the award documents are signed and returned.

Since August 2020, participants are no longer required to print, sign, and mail hard copies of their award documents to the Financial Aid Office. Instead, participants must now view and sign their LRAP documents via **DocuSign eSignature** as part of our new paperless process. Please review the detailed [instructions](#) on how to sign your LRAP documents. You will receive two emails: 1) an email from the Financial Aid Office containing a DocuSign Access Code, and 2) an email from DocuSign containing a link to view and sign your documents.

### **D. Checks and EFT**

Once you sign and return your LRAP award documents, we will submit a payment request to the main campus. The UC Berkeley Disbursements department will either mail you a paper check or, if you set up EFT, disburse the funds directly into your account. The Financial Aid Office is not responsible for disbursing your funds.

Signing up for Electronic Funds Transfer (“EFT”) is strongly encouraged for all LRAP participants. EFT allows you to have LRAP funds electronically deposited into the bank account of your choice. Please note, this EFT account is different from the one you may have had as a UC Berkeley student, and as such, you need to set up a new account after you graduate and are no longer a student.

If you want to sign up or change your EFT account, follow the instructions for UC Berkeley “Vendors” on the [Disbursements Office webpage](#). For questions related to EFT, please email [disburse@berkeley.edu](mailto:disburse@berkeley.edu). The Disbursements Office can at times experience delays setting up new EFT accounts. Therefore, it is imperative you provide a correct mailing address when you apply for LRAP funding. If the Disbursements Office has not had enough time to set up your EFT account, you will receive your LRAP award via paper check to your preferred mailing address.

### **E. Supplemental Awards**

If your income-driven repayment amount increases or your salary decreases during an existing LRAP contract, you may be eligible for a supplemental award. Please contact an LRAP Advisor at [lrapp@law.berkeley.edu](mailto:lrapp@law.berkeley.edu) to determine your eligibility for a supplemental award within an existing LRAP contract period.

## VI. Cancellation

### A. Application

You must submit a cancellation (i.e. forgiveness) application within 30 days after your contract end date in order to have your LRAP loan forgiven. Otherwise, you will be billed back for the full amount of your LRAP loan.

Cancellation applications must contain all required information. Please refer to our [How to Apply for LRAP webpage](#) for instructions. We require the following materials, which can be found on the [LRAP Forms](#) webpage:

- Completion of the online [application](#).
- Current [Employer Verification Form](#) signed by your employer (signed no more than 40 days in the past).
- Payment history or redacted bank statement documenting payments during each month of your LRAP contract.

Unlike LRAP applications, the Financial Aid Office processes cancellation applications on a quarterly basis:

- For LRAP contracts ending November through December, the Financial Aid Office will process cancellation applications by the end of February.
- For contracts ending January through April, the Financial Aid Office will process cancellation applications by the end of May.
- For contracts ending May through July, the Financial Aid Office will process cancellation applications by the end of August.
- For contracts ending August through October, the Financial Aid Office will process cancellation applications by the end of November.

These dates are contingent upon a timely submission of the LRAP cancellation application and are subject to change.

### B. Forgiveness Determination

Participants may not qualify to have their entire LRAP loan forgiven, and therefore may be billed back for all or a portion of the LRAP forgivable loan if they i) did not make all of their loan payments during their LRAP contract, and/or ii) had an increase in salary during their LRAP contract, and/or iii) left qualifying employment or otherwise did not meet LRAP requirements during their LRAP contract.



If a participant has both missing payments and a salary increase or employment change, they will be billed back for the larger of the total missing payment amount or the total missing imputed contribution/lost months of LRAP eligibility.

Participants will be billed back for their entire LRAP award if they had a 1-year clerkship and did not immediately (within three months) enter LRAP-qualifying employment after the clerkship. Exceptions may be approved on a case-by-case basis so long as the participant provides notice before the end of the clerkship or the end of the LRAP contract, whichever comes later.

i. *Missing Loan Payments*

If a participant did not make all of their loan payments due during the LRAP contract period, or made smaller payments than expected when they applied for LRAP support, they will be billed back for the LRAP support received for those months. This does not include any previously-owed past due amounts or late fees; LRAP funds should be used only for payments due during the LRAP contract period.

In order to receive LRAP funds you must make monthly, regularly scheduled payments within that LRAP contract period. Payments made outside of the LRAP contract period will not be counted in the forgiveness review. Late payments, so long as they are due and made within the LRAP contract period, will count toward the LRAP loan cancellation.

However, late payments do not count as qualifying payments for PSLF purposes. If you plan to pursue Public Service Loan Forgiveness, it is critical that you make payments on time, when a payment is due, and in the billed amount required by your IDR plan. Late, lump sum, or paid ahead status payments may not qualify as qualifying on-time payments for PSLF. We encourage everyone pursuing PSLF to become familiar with the PSLF requirements.

Forgiveness of an LRAP loan does not constitute a determination that all payments made in that contract period will count as qualifying payments for PSLF.

ii. *Salary Increases*

If a participant or their spouse has an increase in salary during their LRAP contract, the Financial Aid Office will look at the participant's salary during each month of their contract to determine if the participant was over-awarded. If a participant changes employment or salaries mid-month, LRAP will attribute the position or salary the participant held for the majority of the month to that month. The Financial Aid Office will then compare the participant's estimated imputed contribution for each month (determined during the LRAP application and award stage) with their *actual* imputed contribution for each month, using their actual salaries reported in the cancellation application. The difference between the estimated and actual imputed contribution will be totaled up for each month of the LRAP contract and added together, resulting in the total "missing imputed contribution," which is the amount the

participant will owe back to the University.

If a participant's increased salary results in an imputed contribution higher than their monthly payment amount, the participant will be billed back for the amount of LRAP support they received in those months. Participants will not be billed back for more than their monthly payment amount for a single month.

If a participant has a salary increase  $\geq \$100,000$  during an LRAP contract, they will owe back each month of LRAP support for which they received the  $\geq \$100,000$  salary for the majority of the month.

iii. *Exiting Qualifying Employment*

If a participant exits qualifying employment during their LRAP contract, they will owe back each month of LRAP support for which they were not in qualifying employment for the majority of the month.

**A. Calculation of Amount Owed**

*Formula for amount owed due to missing and/or smaller than expected payments:*

$$\text{Amount due to UC Berkeley} = \text{total LRAP award} - \text{amount actually paid on loans over the contract period}$$

*Formulas for amount owed due to salary changes:*

Step 1:

$$\text{Monthly estimated imputed contribution} = \frac{(\text{income reported in LRAP application} - \$80,000) \times .35}{12}$$

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Step 2:

$$\text{Monthly actual imputed contribution, if actual imputed contribution is less than monthly payment amount} = \frac{(\text{income reported in cancellation application} - \$80,000) \times .35}{12}$$

*(Repeat for each month of LRAP contract)*

**OR**

**Monthly *actual* imputed contribution, if actual imputed contribution is greater than monthly payment amount =**

*monthly payment amount*

*(Repeat for each month of LRAP contract)*

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*Step 3:*

**Missing imputed contribution, by month =**

*actual imputed contribution – estimated imputed contribution*

*(Repeat for each month of LRAP contract)*

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*Step 4:*

**Amount due to UC Berkeley =**

*sum of missing imputed contribution for every month of LRAP contract*

*Formula for amount owed due to exiting qualifying employment or when salary  $\geq$  \$100k:*

**Amount due to UC Berkeley =**

*monthly LRAP support x of months not in qualifying employment*

**OR**

*monthly LRAP support x of months when salary  $\geq$  \$100k*

## **B. Billing-Back Process**

Should a participant be required to pay all or a portion of their LRAP funds back to UC Berkeley (because less than 100% of the LRAP loan is forgiven for any reason), they will be notified by the Financial Aid Office in advance of the Office notifying the main campus and initiating the official billing-back process. Participants will be required to make payments through the University's loan servicer, Heartland ECSI. Scheduled quarterly payments typically begin within nine months of notification by the Financial Aid Office that an amount is due (the Financial Aid Office will notify the participant of the exact dates). Participants will have a four-

month grace period on any amount due, although participants can make payments before the grace period ends. The interest rate is currently 0.00% APR. Depending on the amount due, quarterly repayment typically lasts three years or less for each LRAP loan, although there is no penalty for early repayment. Failure to make payments on any amount due back to the University may result in late fees and/or loan default and may negatively affect your credit score.

You will be able to access your Heartland ECSI account by going to <https://heartland.ecsi.net> shortly after official notification that an amount is due. You can register your account by clicking the Register button and creating a profile. Heartland ECSI uses a two-step authentication process; the first step is registering the account, the second step is connecting the account. The Heartland Key, also called the account number, is typically provided on the first billing statement, which you will receive near the end of your grace period. The quickest way to obtain your Heartland Key before a billing statement is issued is to call Heartland ECSI's customer service line at 888-549-3274. Heartland ECSI is available from 7:30 AM - 9:00 PM EST, Monday to Friday.

## **VII. Appeals**

The Financial Aid Office encourages students and graduates to consult with an LRAP Advisor prior to submitting an application for LRAP or forgiveness if they have questions or concerns about their eligibility. If an application is denied, the applicant may submit an appeal to the LRAP Appeals Committee, which may include the Associate Director of LRAP, the Director of Financial Aid, and the Dean of Admissions and Financial Aid. If the appeal is denied, the applicant may submit an appeal to the Dean of the Law School.

## **VIII. PSLF**

Although Berkeley Law strives to provide participants with the most up to date information regarding PSLF, ultimately LRAP participants bear sole responsibility for knowing and meeting the requirements of the Public Service Loan Forgiveness program. Borrowers are solely responsible for obtaining and submitting any and all documentation and information to the Department of Education and their loan servicer required to qualify for PSLF, should it be the intention of the participant to do so. The University of California and Berkeley Law cannot make any guarantees that a participant will qualify for PSLF. Ultimately, borrowers bear responsibility for their loans and their legal obligations.

A finding made by Berkeley Law that you are eligible for an LRAP loan, or that your LRAP loan will be forgiven, is not a finding that your employment or loan payments qualify for Public Service Loan Forgiveness. Only the U.S. Department of Education can make a determination if your payments and employment qualify for PSLF.

## **IX. Limited Funds Contingency and Right to Modify**

LRAP is funded primarily by the Professional Degree Fee and is not dependent on state funding. However, the law school budget as a whole is not unlimited.

In the event that funding is not sufficient to fully fund all qualified applicants in the manner anticipated above, the law school reserves the right to limit the number of Program participants. Any changes to LRAP will be announced to current and former students by the Financial Aid Office.

## **X. The Future of LRAP**

Regardless of the future of the Public Service Loan Forgiveness program, Berkeley Law is committed to supporting its public interest graduates through LRAP. Any changes to LRAP will be announced to current and former students by the Financial Aid Office.

## **XI. Notice**

The terms described in this handbook may change at any time without prior notice.

## **XII. Questions**

Should you have any questions about your LRAP application, LRAP loan forgiveness, loan repayment, or PSLF, please [schedule an LRAP appointment](#) or email [lrp@law.berkeley.edu](mailto:lrp@law.berkeley.edu). You can find the Financial Aid Office at: Financial Aid Office, UC Berkeley School of Law, ATTN: LRAP, 226 Law Building, Berkeley, CA 94720-7200.