



**UNIVERSITY OF PENNSYLVANIA LAW SCHOOL
Toll Loan Repayment Assistance Program Guidelines**

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UNIVERSITY OF PENNSYLVANIA LAW SCHOOL Toll Loan Repayment Assistance Program Guidelines

The University of Pennsylvania Law School is committed to promoting the pursuit of public interest careers by its graduates. There is substantial concern that the pressures created by high student debt discourage graduates from pursuing careers and taking job opportunities in public service.

Since our loan repayment assistance program was launched in 1989, Penn Law has provided generous support to public interest graduates in a number of fields. We confirm and continue that commitment to public service by Penn Law graduates. It is the goal of TollRAP to enable graduates to pursue public interest careers without regard to indebtedness by providing interest-free loans to help defray the costs of educational loans. TollRAP provides forgiveness of the loans after each year the graduate is in public interest employment.

The Penn Law Toll Loan Repayment Assistance Program is made possible through the generosity and support of our alumni, especially Robert (L'66) and Jane Toll. Effective November 2012, the following guidelines apply to the Program:

I. Eligible Graduates

University of Pennsylvania Law School J.D. graduates who meet the requirements of these guidelines are eligible for Toll Loan Repayment Assistance Program (TollRAP) for ten calendar years following graduation.

Eligibility ceases on January 1 of the 11th calendar year following graduation. Exceptions to the deadline will be made for graduates eligible for an extension as described below. Within the years of eligibility participants may leave TollRAP and later re-apply. During employer-approved short-term leaves participants continue to remain eligible for TollRAP assistance and do not have their ten-year eligibility extended. A short-term leave is one in which a graduate remains an employee of the organization and must be no longer than six months in duration.

A. Eligibility extensions. The ten-year post-graduation eligibility deadline may be extended for up to a total of two years if an applicant was ineligible for TollRAP during the post-graduation ten-year period for one or more of the following reasons:

- (1) employment as a judicial clerk;
- (2) involuntary unemployment;
- (3) unemployment due to caring for a dependent minor child;
- (4) unemployment due to graduate's illness or disability or due to graduate caring for an immediate family member, including parents, spouse or domestic partner with an illness or disability; or
- (5) unemployment due to attendance in a post-graduate education program.

TollRAP participants who qualify for an eligibility extension for employment as a judicial clerk will be eligible for up to two years of clerking to be applied towards the three years required to vest in TollRAP Plus for participants in TollRAP II (see below). Vested participants will automatically become participants in the TollRAP Plus program, a program which provides

additional awards (see below). Other ToLLRAP participants who qualify for an eligibility extension will receive no ToLLRAP assistance during their leave. If the participant submits written notice to the ToLLRAP Counselor of intent to return to eligible employment, the participant need not begin immediately repaying their ToLLRAP loan during the two-year period. If the participant does not return to eligible employment within two years, all non-forgiven loans must be repaid over the ensuing ten year period. Participants must notify the ToLLRAP Counselor within 15 days if he or she no longer intends to return to eligible employment.

II. Eligible Employment

To qualify as eligible for ToLLRAP, an applicant's job must be law-related public interest work. Law-related public interest work means the job must substantially utilize the legal training and skills that the graduate obtained in law school.

Public interest work is defined as employment by:

- (1) a nonprofit organization or institution, including international or foreign NGOs or organizations, whose primary purpose is to serve or advocate on behalf of individuals or organizations whose interests, for various economic, political or social reasons, are not adequately represented by the private sector or the government;
- (2) the U.S. federal government or a state, local, or tribal government (except judicial clerkships);
- (3) a law school as a clinical law teacher if the position substantially involves advocacy on behalf of individuals or organizations not adequately represented by the private sector or the government; or
- (4) a for-profit employer, including self-employment, if the employment meets two further requirements:
 - (a) the position is intended to further the public interest, and
 - (b) at least 51 percent of the work done by both the organization and the participant will involve provision of legal services at no fee, a reduced fee or fees for court-appointed representations to individuals or organizations who are not adequately represented by the private sector or the government.
- (5) other types of public interest work may be eligible and will be reviewed on a case by case basis.

All employment will be approved after an individual review of the applicant's employer and work by the ToLLRAP Committee. To insure that employment is eligible, graduates may be required to share the job description for their position and information about the goals and work of their organization. ToLLRAP Awards will not be made until the month that a recipient begins eligible employment.

A. Temporary and part-time employment. Eligible employment includes fellowships and other temporary positions that are expected to last at least 12 months. Part-time employees are expected to work a minimum of 17.5 hours per week based on a 35 hour work week or half of full-time for your position with this employer, whichever is greater. Part-time employees in ToLLRAP I will receive ToLLRAP assistance that is pro-rated based on their percentage of time worked (see below, income eligibility).

B. Volunteers. Graduates pursuing employment by volunteering with an eligible employer may be eligible for ToLLRAP. Eligibility will be determined on a case by case basis and is at the

discretion of the Administrative Committee. Two additional requirements for a volunteer applying for ToILRAP assistance are as follows:

- (1) the applicant must work for an eligible employer at least part-time, as defined above, for one year and
- (2) the applicant must provide ToILRAP with a letter from the eligible employer stating that the employer hopes to be able to offer the applicant a paid position when funding becomes available.

In addition, ToILRAP I volunteer participants will have their assistance calculated as if they were receiving the starting salary for an equivalent position in the organization. ToILRAP I part-time volunteer participants will receive ToILRAP assistance that is pro-rated based on their percentage of time worked. ToILRAP II volunteer participants will be paid based upon the IBR payments for their actual income. ToILRAP II volunteer participants will be eligible to apply time spent as a volunteer towards the three years required to vest in ToILRAP Plus for participants in ToILRAP II (see below).

III. Eligible Loans

Members of the class of 2012 and all earlier classes have the choice of staying in the existing program (ToILRAP I) or entering the new program (ToILRAP II). All members of the class of 2013 and later classes will be eligible only for ToILRAP II. Members of the class of 2012 who apply for assistance after January 1, 2017 will be enrolled in ToILRAP II.

Loans must be in repayment status to be eligible for ToILRAP assistance. If a loan is in a grace period, forbearance or deferral at the time of application, the repayment amounts must be known in order for assistance calculations to be made. Awards will be based only on the actual amount of loan payments to be made during the assistance period.

ToILRAP I: Loans eligible for the calculation of ToILRAP I assistance are those that were disbursed within certified student loan programs and approved and recognized by Penn Law for attendance at Penn Law or for bar-related expenses of up to \$10,000. Undergraduate and other graduate school loans are ineligible. Family, personal, and consumer (including credit card and home equity loans) are ineligible. Eligible loans will have a term of years of 10 years or longer; loans with shorter terms will be evaluated on a ten year term. Loans taken for a Joint Degree program through Penn Law and its agreements with University of Pennsylvania sister schools, or that were given special approval by the Dean of Students for a Penn Law joint degree, will be included in loan calculations, provided that they meet the other standards for loans.

ToILRAP II: All federal loans (law school, undergraduate and other graduate) that are eligible for Income Based Repayment (IBR) are eligible for the calculation of ToILRAP II assistance. Private loans are generally ineligible for the calculation of ToILRAP II assistance, with the possible exceptions listed below. Applicants with these types of private loans exceptions should contact the ToILRAP Counselor for more information about the eligibility and treatment of these loans:

- (1) Up to \$10,000 in private loans for bar-related expenses;
- (2) Private loans, as described under ToILRAP I, taken by an applicant because the applicant was ineligible to borrow federal loans; and
- (3) Private loans, as described under ToILRAP I, of 2012, 2013, and 2014 graduates who borrowed private loans prior to the school year beginning Fall of 2012.

IV. Income Eligibility

Income eligibility is decided based upon the salary an applicant expects to earn from their eligible employment in the coming year or from income reported for the purpose of obtaining IBR for the assistance period for which the graduate applies.

Penn Law hopes and expects that graduates recognize that this program is intended to enable graduates to pursue public interest careers without regard to indebtedness and that need is still considered an important factor in granting awards. The continuation of this program and other financial aid programs at the University of Pennsylvania Law School are dependent on the generosity of our alumni. Penn Law hopes that participants whose salary and income increases in the future will be able to contribute to the ToILRAP fund so that other deserving graduates will have the benefit of ToILRAP money.

ToILRAP I:

Only the graduate's income expected from their eligible employment salary for the assistance period is counted as income as memorialized in the Employment Verification form (see below). There is no income cap. Salary includes additional payments to a graduate's base pay, such as housing allowances, bonuses and cost of living adjustments. A graduate's income is used to determine how much the graduate is expected to contribute toward their annual loan repayment. In determining salary, an exemption of \$5,000 for the first minor dependent child and \$3,500 for each subsequent minor dependent child will be allowed. For the purposes of determining income, married graduates filing joint tax returns will be treated as having the higher of their individual income or half of the joint income.

Graduates working part-time will have their salary calculated at the full-time level and their assistance pro-rated at the percentage of time worked. Graduates working as volunteers will have their assistance calculated as if they were receiving the starting salary for an equivalent position in the organization.

ToILRAP II:

Only the graduate's income reported for the purpose of obtaining IBR for the assistance period is counted as income for the purpose of determining awards. However, to determine salary-based eligibility for ToILRAP II, the Program will use the graduate's expected income for the assistance period as memorialized in the Employment Verification form. The ToILRAP administrator can in certain circumstances apply standard cost of living adjustments using the previous year's documented income. ToILRAP II has a salary cap of \$100,000. In addition, graduates with salaries between \$80,000 and \$100,000 are eligible to apply their time spent working towards the three years required to vest in ToILRAP Plus and to receive ToILRAP Plus awards, as provided in the schedule below. However, they are not eligible for ToILRAP II IBR-based awards. Graduates who meet the eligibility requirement to participate in ToILRAP as volunteers are eligible to apply time spent as a volunteer towards the three years required to vest in ToILRAP Plus and to receive ToILRAP Plus Awards, as provided in the schedule below.

A. Married applicants filing federal tax returns jointly. Your filing status on your federal tax return will have an impact on your [IBR payment amount](#). To determine your IBR payment, when filing jointly, the government will calculate your payment using the joint income reported on your federal tax forms. In most cases, this will increase your IBR monthly payment. Married borrowers who file separate federal tax returns will have their IBR payments calculated based on their individual income.

Graduates will receive assistance from ToILRAP II based on their portion of the IBR payment if filing jointly (not based on the joint income). ToILRAP II awards will be calculated using the income documented in the Employment Verification Form. This could result in a payment from ToILRAP which is less than your required monthly IBR payment as required by the government.

Married applicants in ToILRAP I filing jointly will have their eligibility determined based on the higher of their individual income or half of the joint income.

Applicants should consider all financial ramifications carefully when determining your federal tax filing status. Consulting a tax advisor is recommended.

V. Assistance Calculation

ToILRAP I: The graduate's expected contribution is calculated using one of the formulas in the table below. ToILRAP I participants will receive ToILRAP assistance in the remaining amount needed for annual repayment obligation of their eligible student loans, up to a maximum of \$14,000 per 12 month assistance period.

ToILRAP I Assistance Calculation	
Expected Salary	Graduate's Contribution to Annual Repayment of Eligible Loans
Up to \$48,000	\$0
\$48,001-53,000	20% of amount over \$48,000
\$53,001 to \$58,000	\$1,000 + 40% of amount over \$53,000
\$58,001 and over	\$3,000 + 60% of amount over \$58,000

ToILRAP II: The graduate will receive ToILRAP assistance for the full payment of his/her federal loans in Income Based Repayment (IBR). Graduates may also choose to participate in the Pay as You Earn (PAYE) program. Members of the class of 2013 and later classes may choose not to place their loans in IBR. However, members of the class of 2013 and later classes who are in volunteer positions must be in IBR to be eligible. Members of the class of 2012 and earlier classes who choose to enter the ToILRAP II program must place their loans in IBR to participate in the ToILRAP II program. If the graduate's federal loans are not in IBR, the graduate's assistance will be calculated as if his/her federal loans are in IBR; however, Awards will be capped at the lesser of the IBR-calculated payment or the actual loan payment.

For Private Bar Loans up to \$10,000, the graduate will be paid out based on a 10-year loan repayment plan, as of the time the loans were taken out, with a maximum annual payment of \$1,400. When a bar loan cannot be taken on a term of 10 years, it will be pro-rated based on a 10 year schedule and at the interest rate reported at the time of the application.

If you are a member of ToILRAP II class with other private loans, please contact the ToILRAP Counselor.

In addition, participants in ToILRAP II, will be eligible for **ToILRAP Plus**. ToILRAP Plus provides support to graduates for their continuing and sustained service. After three years participation in ToILRAP II, participants will become vested in ToILRAP Plus. Graduates transferring from ToILRAP I to ToILRAP II must spend at least two years in the ToILRAP II program to be considered vested and will begin ToILRAP Plus awards at the Year 4 level. Graduates that transfer out of ToILRAP I will not be readmitted to the ToILRAP I program. Vested participants will automatically become participants in the ToILRAP Plus program, a program which provides additional awards based on the ToILRAP Plus Schedule. Up to two years of clerking can be counted towards the vesting of ToILRAP for eligibility in ToILRAP Plus. ToILRAP Plus amounts are an addition to the ToILRAP II IBR-based Awards.

ToILRAP Plus		
These awards are in addition to ToILRAP II IBR-Based Awards.		
	Income at or below \$80,000	Income between \$80,000-\$100,000
Year	Total Annual Benefit	Total Annual Benefit
4	\$1,200	\$1,800
5	\$1,200	\$1,800
6	\$1,800	\$1,800
7	\$3,600	\$1,800
8	\$4,800	\$1,800
9	\$4,800	\$1,800
10	\$5,400	\$1,800
Total	\$22,800	\$12,600

VI. Application Process

The regular ToILRAP assistance period is January 1 through December 31. Applications from applicants who are currently receiving ToILRAP assistance are due by November 1 for assistance for the following year.

A. Applicants not currently receiving assistance. Applicants, who are not currently receiving ToILRAP assistance because they never received assistance or because they are not receiving assistance in the current period, may apply at any time they are eligible. New applicants are eligible to receive a ToILRAP Award when they meet two requirements:

- (1) They have accepted and begun eligible employment; and
- (2) Their eligible student loans are in repayment status.

New applicants may apply as soon as they know their salary and start date and can provide loan documentation. New applicants will receive pro-rated assistance for the period of their entry in the ToILRAP program through December 31st. Once applicants have been accepted into ToILRAP, if they want to continue to remain in the program, they must re-apply by November 1 for assistance for the following year.

B. Applicants on a fellowship. Applicants on a fellowship with a certain term of one year or more, or other applicants with positions of with a certain term one year or more that run for a period other than a calendar year, may be directed to apply on a different cycle than the regular cycle.

C. Application documents. Applications are available from the Office of Career Planning and Placement or at <https://www.law.upenn.edu/careers/toll-loan-repayment.php>. Applicants are expected to present the following documentation:

ToILRAP I

- On-line Application Form
- Loan Documentation. All loan documentation must show: loan servicer, monthly payment amount, number of months of payments due for the loan/term of years, original amount borrowed, and current loan status. Proof of past payments will not be accepted as evidence of payments due for the coming year.
- Employment Verification including statement of salary.
- For first time applicants: W-9.
- For current recipients: Most recent tax return and W2.

ToILRAP II

- On-line Application Form
- Loan Documentation. Statement of IBR Payments, and/or, if applicant is not in IBR or is seeking assistance with private loans, the Loan Documentation as outlined for ToILRAP I applicants above.
- Employment Verification including statement of salary.
- For first time applicants: W-9.
- For current recipients: Most recent tax return and W2.

Other documentation may be requested where necessary to determine eligibility.

Applicants with "\$0" payment for IBR, should submit the full application to have the year included toward vesting in ToILRAP Plus or be eligible for a ToILRAP Plus Award. Applicants making \$80,001-\$100,000 should submit the full application to have the year included toward vesting in ToILRAP Plus or be eligible for a ToILRAP Plus Award. Other documentation may be requested where necessary to determine eligibility.

VII. Reporting Changes to Circumstances Outside of the Regular Application Cycle

Changes to a Recipient's circumstances should be reported to the ToILRAP Counselor within 15 business days. Changes that must be reported include, but are not limited to, changes in address, change of job, change in salary, disability leaves effecting eligibility, change of eligibility for dependent allowance if applicable, unemployment, change from full-time to part-time employment or other change in hours. Voluntary changes to a recipient's loan payments that would result in an increased Award, including voluntary changes in interest rates or repayment term, will not be considered until the next application cycle.

Failure to notify the ToLLRAP Counselor of any changes in circumstance could result in the termination of assistance and/or the participant may be required to repay amounts previously awarded.

A. Amended assistance as a result of a change. Adjustments to ToLLRAP awards will be made if the reported change results in more than a 10 percent change in the assistance that should have been received. If a change results in an amended Award amount, it will be effective the date of the change and will be reflected in the next installment payment, if applicable. An amended Promissory note will be sent reflecting the change in the benefits and the total disbursements made for the calendar year.

VIII. Issuing of ToLLRAP Awards

For all applicants applying during the normal application period, ToLLRAP Awards will be issued to recipients in two equal installments. The first installment will be issued by Penn Law the January following the application. The second installment will be issued by Penn Law the June following the application. Penn Law does not guarantee the receipt of funds for ToLLRAP Awards by recipients at any particular date.

Requests will be processed as soon as possible, but it may take up to eight weeks to issue a ToLLRAP Award letter after the re-application deadline and/or receipt of completed applications for new applicants. A promissory note will be issued with the ToLLRAP Award letter if the participant is awarded a loan through ToLLRAP. This note must be signed and returned to the ToLLRAP Counselor before funds will be disbursed.

IX. Repayment

If a participant should become ineligible for ToLLRAP before completing the term of service of one year or the period of time for which the graduate's award was made, he or she will be responsible for repayment of that year's ToLLRAP Award.

Penn Law reserves the ability to waive repayment, including if a participant leaves within two months of the end of their ToLLRAP term. However, recipients need to be aware of possible tax implications (see below). Penn Law may also seek only a pro-rated repayment from participants leaving after they have begun their term of service. However, recipients need to be aware of possible tax implications (see below). Additionally, for installments of ToLLRAP Awards that have not yet been issued, Penn Law may choose to not make those award payments.

Although there is no legal obligation to repay the amounts forgiven under this program, Penn Law hopes and expects that recipients recognize that the continuation of this program and other financial aid programs at the University of Pennsylvania Law School are dependent on the generosity of our alumni. In addition, Penn Law hopes that in the future participants will be able to contribute to the ToLLRAP fund so that other deserving graduates will have the benefit of ToLLRAP money.

A. Good Faith Unemployment. If a participant is laid off, has temporary employment come to an end, or otherwise loses their employment before the end of their term of service, and is not re-employed in eligible employment within 30 days, repayment of the ToLLRAP Loan is not

triggered until twelve months from the date of the loss of eligibility or until the participant is re-employed, whichever is earlier. For those re-employed in eligible employment, the debt may be waived upon application.

X. Taxability of ToLLRAP Assistance

Graduates who participate in ToLLRAP will receive interest-free loans that are forgiven at the end of the term of service in eligible employment of one year or the period of time for which the graduate's award was made. ToLLRAP Awards must be applied by the recipient towards loan payments to be considered as tax exempt by the Federal Government. Participants should check with their tax advisors regarding taxability of the forgiveness of these loans. Section 108(f) of the Internal Revenue Code (IRC) details the requirements for tax-free forgiveness.

ToLLRAP assistance received by graduates employed by a foreign organization that is not based in the U.S. may be taxable. The ToLLRAP Counselor will review applications for additional assistance based on these tax consequences on a case by case basis. ToLLRAP assistance received by graduates who are volunteers for an eligible employer or employed by the University of Pennsylvania may also be taxable.

A. Taxability of loans when term of service is not met. Participants should check with their tax advisors regarding eligibility for forgiveness of ToLLRAP loans when the term of service is not met.

XI. ToLLRAP Administration

The Law School's Associate Director for Public Interest and Government Counseling will act as the ToLLRAP Counselor and receives, reviews, and manages applications. The Loan Office of University of Pennsylvania is responsible for administering loan collection for ToLLRAP and maintains uniform policies and procedures governing loan administration.

A. Principles governing loan disbursement. The Administrative Committee retains the discretion to limit the loan amount to \$14,000 for graduates whose salary and indebtedness would otherwise entitle them to a loan in excess of \$14,000. This discretion is to be exercised in the event that the total amount of loans applied for in a particular year threatens to exhaust available funds. Awards will be issued based on availability of funds for a given year.

B. Changes to ToLLRAP. The Law School reserves the right to modify ToLLRAP prospectively at any time without altering the current terms of the ToLLRAP program.

The Administrative Committee includes representatives from the Toll Public Interest Center, from the Admissions and Financial Aid Office, from the Office of Business Affairs, the Vice Dean for Administration, Career Planning and Professionalism, and additional members as appointed by the Dean. The Administrative Committee will provide review and oversight of the ToLLRAP program, and will report to the Dean and the Public Service Faculty/Student Committee on the progress of the ToLLRAP program and on any proposed policy or eligibility changes that raise important and controversial policy questions, or would be inconsistent with the clear intention of these guidelines. The Administrative Committee is authorized to resolve all other questions that arise under these guidelines.

The Administrative Committee, in consultation with the Public Service Faculty/Student Committee, will review and evaluate ToLRAP, the income eligibility, interest rate, cost of living adjustments, loan forgiveness, reserve and other features of ToLRAP, measuring them against the policy objectives of the ToLRAP program and the resources available to support ToLRAP. Adjustments will be made annually or on an as-needed basis.

C. Appeals to ToLRAP Awards and determinations. ToLRAP applicants and recipients who receive a ToLRAP Award or determination regarding their eligibility, income, indebtedness, the amount of their ToLRAP Award or ToLRAP Plus, or other ToLRAP-related matters from the ToLRAP Counselor may request a review by the Administrative Committee.

All requests for review should be made in writing to the ToLRAP Counselor and should include a statement of all issues and facts that the applicant or recipients would like reviewed. Applicants or recipients who receive a determination from the Administrative Committee may request an appeal of that determination to the Public Service Faculty/Student Committee faculty members. The faculty committee members will review all requests anonymously. The Public Service Faculty/Student Committee review will be based upon the information presented to the Administrative Committee and a statement of the reasons for the requested re-consideration of the Administrative Committee decision. Appeals to the Public Service Faculty/Student Committee can only be considered during the Academic Year.