

**Seton Hall Law School  
Public Interest Loan Repayment Assistance Program  
(PILRAP)**

Program Overview

Public service is an important part of Seton Hall Law School's mission. The increasing costs of undergraduate and law school education have caused many law students to graduate with a large burden of educational debt. Legal employment in the public service sector often comes with low salaries, at least in the early years. Law graduates are thus likely to feel financially constrained in choosing to pursue a career in public service law.

To make entry into a public service career easier, Seton Hall Law School created a Public Interest Loan Repayment Assistance Program (PILRAP). PILRAP loans offer graduates interested in public service law the ability to receive a low-interest loan so that the participant may make payments on his or her student loans. PILRAP loans will be forgiven one year from the date of issuance, provided that the graduate remains in qualified employment for the full year. Participants who do not remain in qualifying employment for the full year will have a prorated portion of their loan forgiven, and will enter repayment according to the terms of the promissory note. Interest does not accrue until the loan enters repayment. Graduates may receive PILRAP assistance for up to seven years.

The amount of the PILRAP loan is determined by: the graduate's level of indebtedness and the adjusted gross income and assets of the graduate and his or her spouse.

Participation in PILRAP is limited to those who have received an offer of employment as an attorney with a qualifying public service organization as defined in this document. It is also limited to those with demonstrated financial need, as evidenced by educational debt and available financial resources. The funding available for PILRAP is not unlimited. In the event funding is not available to fully fund all eligible applicants, a committee appointed by the Associate Dean will allocate the available funding in a manner that maximizes the goals of the program.

Qualified Employment

The applicant must produce evidence of an offer of employment as an attorney with a not-for-profit organization that provides, directly or through public policy efforts, advocacy advancing the interests of those traditionally underserved by the legal system, or an organization (whether governmental or not-for-profit) that provides constitutionally mandated services to criminal defendants. The applicant must agree to accept the offer of employment if he or she receives a PILRAP award.

Maximum Qualifying Income

The maximum qualifying income for the 2009 application period is \$60,000. The applicant's income will be considered to be the greater of the applicant's income or the average of the applicant and the spouse's income. Qualifying income may be adjusted by the following:

- Dependents: Income will be reduced by \$4,000 for each dependent claimed for federal income tax purposes,
- Medical Expenses: Income will be reduced by the amount of unreimbursed medical expenses may be deducted from qualifying income.
- Assets: Income will be increased by Liquid assets of both the applicant and the spouse by 20% of the amount over \$10,000. This amount is assumed available for loan payment.

### Eligible Educational Loans

Approved loan funds borrowed for educational expenses under the following programs are eligible: Federal and Direct Federal Subsidized and Unsubsidized Stafford Loans, Federal Perkins Loans, Federal and Direct Federal Graduate PLUS Loans, and alternative (private) loans borrowed through lenders such as The Access Group, Key Bank, and Sallie Mae. Consumer loans and personal loans through family members are not eligible. Graduates must be current on all educational loans.

### Calculation of Awards

The awards vary, and are based on a formula taking into account the amount of all educational debt, income and liquid assets. For the 2009 application year, loan amounts will not exceed \$10,000 per applicant. In brief, the formula for calculating the amount of the award is:

- The applicant's annual loan repayment amount less 30% of the amount of countable income that exceeds \$40,000.

The applicant's countable income is determined by adjusting his or her qualified income by the number of dependent, medical expenses, or assets as listed above. If the countable income is less than \$40,000, the award amount would equal the amount of loan repayments for that year, up to \$10,000. If the countable income is between \$40,000 and \$60,000, the award is reduced by the following amount:  $(\text{countable income} - \$40,000) \times .3$ , subject to the \$10,000 cap.<sup>1</sup> If the countable income is greater than \$60,000, no award will be made. Applicants with large debt and low financial resources will be eligible for the largest awards; those with lower debt and/or relatively greater financial resources will be eligible for lesser awards.

### Application Procedures and Borrower Requirements

Applications are available in the Office of Financial Resource Management, or by downloading the application from our website, [www.law.shu.edu](http://www.law.shu.edu). The PILRAP applicant must complete and submit all of the forms attached to this document. These include a form to be completed by the applicant requesting biographical, employment and financial information, a similar form to be completed by the applicant's spouse (if any), and forms to be completed by the employers of the applicant and spouse. Applicants must reapply each year.

The conditions of this program are subject to change depending on available funding, and no promise of assistance should be inferred from these documents. Additional information may be

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<sup>1</sup> Sample calculations using this formula are set out in Appendix A.

obtained by contacting the Office of Financial Resource Management at Seton Hall Law.

#### Repayment of PILRAP loans

While the interest on PILRAP loans does not begin accruing during the time a participant is eligible for an award, the loans must be repaid, and they begin to bear interest at a rate of 5% when the participant is no longer eligible for the program. Participants must sign Repayment Promissory Notes for the loans and interest, and the obligation to repay begins when the participant is no longer eligible for the program.

#### Leave of Absence and Grace Period

Participants may apply for a leave of absence from the program for medical reasons, compulsory military service, or other compelling reasons. A participant who remains in qualifying employment, but who receives salary increases rendering that participant ineligible for additional Seton Hall loans or grants may qualify for a grace period during which repayment obligations to Seton Hall do not attach. This grace period may be recognized when the applicant is, but for salary increases in qualifying employment, eligible for participation in the program.

To qualify for this grace period, the participant's income must not exceed 150% of the income cap for that year. As long as such a participant remains in otherwise qualifying employment, and, but for the salary increase, remains financially eligible for the program, the participant will not be obliged to begin repayment of loans to Seton Hall, and no interest on Seton Hall PILRAP loans will accrue.

The participant remains obligated to complete and submit reporting forms each year to the Office of Financial Resource Management.

#### Loan Forgiveness

Seton Hall Law School will forgive the entire loan indebtedness after completion of each year from the date of issuance, provided the graduate remains in qualifying employment for the full year. Participants who do not remain in qualifying employment for the full year will have a prorated portion of their loan forgiven, and will enter repayment according to the terms of the promissory note.

## Sample Awards

The examples below illustrate the award amounts for successful applicants with various levels of debt and income. For these examples, it is assumed that the applicant does not have liquid assets exceeding \$10,000, that the program is subject to a \$10,000 per applicant cap on awards for the year, and it is further assumed that funds are available to make awards to all qualifying applicants. "ALR" refers to the applicant's annual loan repayment burden.

### **Example A: Salary = \$40,000, differing debt burdens**

ALR = \$10,000      Award = \$10,000 [no reduction for countable income under \$40,000]  
ALR = \$5,000      Award = \$5,000 [no reduction for countable income under \$40,000]

### **Example B: Salary = \$55,000, differing debt burdens**

ALR = \$10,000      Award = \$5,500 [ $\$10,000 - ((\$55,000 - \$40,000) \times (.3))$ ]  
ALR = \$5,000      Award = \$2,000 [ $\$5,000 - ((\$55,000 - \$40,000) \times (.3))$ ] \*

\*Note: \$2,000 is the minimum award if available funding permits