Loan Deferral and Forgiveness Program
Frequently Asked Questions

1. What is the NUSL LD/F Program and how did it come about?
   The LD/F Program is the law school’s loan relief assistance program, formally known as the Loan Deferral/Forgiveness Program. It is a program designed to provide limited loan relief to graduates who pursue public interest law practice. It is consistent with Northeastern’s longstanding commitment to supporting equal access to justice and other important public interest law goals. It was established in recognition that increasingly high educational debt burdens accrued by law students strains the ability of our graduates to choose public interest law careers. Since 1990, it has provided over 2 million in loan relief assistance to more than 325 graduates.

2. Which of my loans are eligible for loan relief assistance under the program?
   Loans incurred by a program qualifying NUSL graduate in connection with obtaining a B.A. or B.S. (undergraduate degree), their J.D., and/or in connection with taking a bar exam.
   Loans covered are limited to
   a) Federal student loan programs sponsored or guaranteed by governmental agencies;
   b) Private student loan programs certified by Northeastern University including, but not limited to, Access Group Loans, Law Loans, and MEFA;
   c) Student loan programs sponsored or guaranteed by undergraduate institutions; or
   d) Access Group Bar Examination Loans or LawLoan Bar Study Loans up to $15,000.

3. Are the LD/F awards issued as grants?
   All program awards are initially issued as loans and all these loan awards have the potential to be converted into grants. The LD/F Program provides you with an interest-free loan to help you pay some portion of your school loans.

4. How are LD/F program awards forgiven?
   By meeting certain requirements; loans can be forgiven. Specifically, a graduate who receives his/her first LD/F loan award can have that award partially forgiven (50%) after two years of program eligible employment and forgiven in full (100%) after three years of
program eligible employment. **Remember, this is 50% of the LD/F program award, NOT the overall student loan indebtedness.**

If a graduate, however, receives a second consecutive year of program loan relief assistance, that second loan award will be forgiven in full after just **two** more years of program qualifying employment. This is because the accrued time of service applied not only to the first award given, but to all subsequent awards, so that by the time the 2nd award is issued, the person has already worked the first of three years needed for 100% forgiveness.

Finally, if a graduate receives additional program loan relief assistance for a third or any year subsequent to that third year, that loan award is forgiven in full after completion of that third year.

An example will illustrate these points. A graduate, Irving Schmaltz, receives a $6,000 LD/F program award loan for his work with Community Legal Services in Philadelphia. Fifty per cent (50%) of that loan, or $3,000, will be forgiven (converted to a grant) if Irving remains employed with that legal services office for two years (or any other program qualifying employer) The entire $6,000 will be forgiven if Irving stays employed with that office for three full years.

If, in our example, Irving then reapplies for LD/F program assistance in Year 2 and receives a $4,000 award. He has now been awarded a total of $10,000 in Years 1 & 2. At the end of year 2, 50% of his Year 1 award and 50% of his Year 2 award would be forgiven. The total amount would be $5,000 (50% of the $6,000 plus 50% of the $4,000 program loans). The entire $10,000 will be forgiven if Irving remains with Community Legal Services (or other program qualifying employer) for at least three years.

If Irving obtains a $2,000 LD/F award for a third year of working with Community Legal Services, then he will have the entire $12,000 ($6,000 + $4,000 + $2,000) in program loans forgiven by the end of that third year.

5. **Are there any minimum/maximum LD/F award limits?**

   To qualify for NUSL’s loan relief assistance program, a qualifying graduate must be eligible for a minimum $500 award. In addition, although there are no specific award limits, awards in excess of $5,000 annually are more rigorously reviewed by the LD/F Board. Graduates are also limited to receiving program loan assistance for a maximum of 10 years.

6. **If I receive an award, will that award cover all of my school loan debt obligations that I’m supposed to pay that year?**

   Unfortunately, the LD/F program awards in almost all cases will not cover all of your program-qualifying school loan obligations for that year. Rather, it will, in most cases, cover some portion of your loan obligations for that year. To understand how much, please see “How is the Program Award determined?” (Question #17).
7. How do I know if I qualify for the program?
In order to qualify, an individual must be a NUSL graduate from 1987 on, employed by a program-qualified employer, and meet the program’s financial eligibility criteria.

8. What is considered Program-Qualifying Employment?
Work with legal services, public defenders, government offices and agencies (but no judicial clerkships), non-profit advocacy organizations, unions, and in some very limited circumstances, so-called “public interest private law firms”.

9. Are NUSL graduates working in government eligible for the school’s LD/F Program?
Yes, as long as the graduate also meets the program’s financial and other eligibility guidelines. Government positions with any federal, state, county, or municipal agency or office are considered program-qualifying employment. Please see Question #10 on how judicial clerkships are treated.

10. Can a NUSL graduate receive loan relief assistance for working as a judicial clerk?
A graduate doing judicial clerkships are not eligible to receive loan relief assistance under the school’s LD/F Program while they are serving as clerks if the period is for one or two years. However, if the graduate goes on to work for a program-qualifying job and receives a Program award, the year(s) spent working as a judicial clerk will be counted toward accruing program forgiveness benefits for that award.

For example, Mary Jones, a 2005 graduate, is hired as a MA Superior Court clerk for one year upon graduation. Subsequent to that clerkship, she gets hired by the Suffolk County District Attorney’s Office, a program-qualifying employer. She applies for and receives $3,000 in LD/F assistance for her work with the D.A’s office. Although she didn’t receive any program loan relief assistance for the clerkship, she will get credit for having worked the one-year clerkship; therefore, upon completion of the one year at the Suffolk D.A.’s office, she will be considered to have been in the program two full years for the purposes of program forgiveness benefits.

11. What happens if I switch to a different program-qualifying employer? Do I lose those forgiveness benefits and have to start tolling a new ‘three years’?
No. As long as a graduate remains in program qualifying employment, the forgiveness benefit schedule stays the same. A graduate does not have to remain with the same program-qualifying employer to be eligible for program forgiveness benefits.

In the example above with Irving, forgiveness benefits would continue to accrue for him if he, who worked for Community Legal Services in his first year after graduation, changes jobs and works for at least one additional year with another program qualifying public interest employer, such as the Philadelphia Human Rights Commission.
12. What happens if I start out in program qualifying employment and receive program assistance, but then switch to a non-program qualifying position?

The program guidelines regarding forgiveness benefits and repayment obligations govern. If you have worked at least two full years in the qualifying employment for which you received loan relief assistance, you will have earned 50% program loan forgiveness benefits. If you have worked three full years in that or other program qualifying position, you will have earned 100% forgiveness.

However, if you have not completed three full years, you will be obligated to repay the program in whole or part the program loans issued depending on how long you stayed in program qualifying public interest employment.

13. How does the repayment part of the program work?

If you leave qualifying employment before two full years, you will be obligated to repay the program back the full amount of assistance you received. If you worked two years, but less than three, you will be obligated to repay the program back 50% of what you were awarded through the program.

14. If I must repay all or a portion of my program loans, do I have to repay it one lump sum?

No. Repayments may be made in one lump sum, but program recipients have the option of repaying the program in quarterly installments over a 10-year period as long as a minimum quarterly payment of $50 is made.

15. How much interest is charged if I must repay?

There are no interest charges that are accrued. All LD/F Program loans are interest free.

16. What are the program’s financial qualifying criteria?

The program has an Adjusted Net Income (ANI) eligibility cap of $38,500. This is different than a salary/income cap. The ANI is determined by taking your income for the program year (January-December) and subtracting your program annual eligible student loan debt obligations for that same year. If your ANI is less than $38,500 you are eligible. The greater the difference between your ANI and the program eligibility cap, the greater your award may be.

Let us say that Samantha Brown, an NUSL graduate from 2004 is employed by the MA Attorney General’s Office (a program qualifying position) and earns $39,000. Samantha also has annual program eligible debt obligations of $7,000. She would qualify for LD/F Program assistance because she has an adjusted net income (ANI) of $32,000 ($39,000 less $7,000). This would put her below the current program ANI cap of $38,500 and therefore, she would qualify for LD/F Program assistance.
(Note: Additional calculations are made for graduates who are married/partnered, have dependent children, and/or receive assistance from another LD/F program. There are also limits on assets. Information on these adjustments/requirements is listed below.)

17. How is the program award determined?

The first step in determining the award is taking the applicant’s Adjusted Net Income (ANI) and subtracting it from the program cap. That calculation yields an applicant’s so-called unmet income for program purposes. If the ANI is greater than the program cap, the person is not eligible for an award.

The next step in calculating an award is to take the unmet income of each eligible applicant and multiply it by a certain percentage, which yields the program award. The “multiplying percentage” for the 2004 program year was about 41%. That percentage changes each year and is determined by taking the program budget for the particular application round and dividing it by the unmet income of all eligible applicants. That formula ensures us of staying within the program budget.

To make more sense of this let us go back to Samantha. Samantha had an adjusted net income (ANI) of $32,000. To determine Samantha’s unmet income we would take the program cap (Currently $38,500) and subtract her ANI ($32,000) yielding $6500. If this were the 2004 program year, we would take her unmet income ($6500) and multiply it by the multiplying percentage for that year (41%) to determine her program award. In this scenario, Selma would receive $2665 to help her pay off her $7,000 in loan obligations for that year.

18. Does a graduate lose forgiveness benefits if, after the first year, s/he no longer meets the financial eligibility requirements for new awards, but is still working for a program-qualifying employer?

No, she does not lose those benefits. Eligibility for forgiveness benefits is not dependent on a graduate being eligible for additional program awards.

For example, right after graduation, Myra Hernandez received $4,000 for her work with the Oregon Public Defenders Office. She stays in that position for a second full year, but in her second year received a salary increase making her ineligible for an additional LD/F program award. Even if she remains ineligible for additional LD/F assistance, she will still be able to have her initial $4,000 program loan totally forgiven as long as she remains with that public defender office or switches to another program qualifying employer for a total of three years.

19. How much money is allocated for the upcoming 2008 Program Year?

We anticipate having $230,000 allocated to expend on loan relief assistance for the 2008 Program Year, which runs from January 2008 through December 2008. There are two application rounds. We have allocated 90% ($207,000) of the funding for the First Round and 10% ($23,000) for the second round.
20. When are the deadlines for each application round?

The application deadline for the first round is October 31st. The application deadline for the second round is May 31st.

21. Can I elect to apply to any round I want?

If you have secured program-qualifying employment before 10/31, you must apply for the first round. If you have not obtained program-qualifying employment by the first round deadline, then you can apply for the second round. Second round applicants are limited to applying to this round only once during their program participation and it is limited to graduates of the most recent graduating class. Exceptions will only be made in extenuating circumstances and only after the written approval of the program administrator is obtained.

22. If I was eligible to apply in the first round but failed to do so, can I still apply in the second round?

Graduates who missed the first round deadline will be considered for second round application review under limited circumstances. Such applicants will be issued an award only if they qualify and only if second round funding resources remain after other second round applicants who filed on time have been issued awards. In addition, such applicants must report the reasons they failed to meet the first round deadline.

23. Can I still apply for first round funding if I don’t know my job status until sometime in November?

If you have not yet secured program-qualifying employment in time for the October 31st deadline, but are under serious consideration for such employment and expect to hear a definitive response by mid-November, you should not wait until the second round in order to apply. Instead, contact the Program Administrator in October to discuss the situation and file an application by the first round deadline (October 31st) with a cover letter explaining your situation.

24. When are program awards issued?

Program award decisions for the first round are made around December 20th with awards being issued by the second or third week of January.

Program award decisions for the second round are made around July 1st with awards being issued by the second or third week of July.

25. Are there other program obligations that LD/F Program recipients have?

All program recipients are obligated to notify the Program administrator of any changes in his/her application status including, but not limited to changes in name, address, employment, name, salary and/or repayment arrangements with lenders. Failure to do so may result in program disqualification.
In addition, all program recipients are required not only to use all LD/F payment assistance to pay back their lenders, but also to keep current with their loan obligations.

26. How does the program take into account dependent children?

The program makes adjustments to an applicant’s income for various reasons. If an applicant has a dependent child, the program deducts $5,000 for the first dependent child and $4,300 for any additional dependent children for a total maximum dependent credit of $9,300.

27. How is the income of my spouse or partner factored in?

This is a second area where the program can make an adjustment to applicant’s income. The Graduate's Income shall equal the greater of (i) the Graduate's Income or (ii) one-half the sum of the Graduate's Income and the gross income for federal income tax purposes of the Graduate's spouse or the non-married individual who shares income with the Graduate.

28. Are there any other potential adjustments?

The Graduate's Program Qualifying Debt shall be reduced by any amount of loan relief repayment assistance which the Graduate applicant receives during the Program Year except to the extent the entitlement to the employer/fellowship benefit requires the applicant to apply first to the LD/F program.

29. How are assets counted when determining program eligibility?

Under the program, applicants are permitted to have $12,500 worth of liquid assets if unmarried or without a partner or $25,000 if married or with a partner.

30. Under the program, what is considered a liquid asset?

For program purposes, a liquid asset is cash, savings, checking or other investments such as a mutual and/or other investment funds. Funds held in a 401(k), 403(b) or other retirement investment vehicle are not considered to be liquid.

If you have any additional questions, please feel free to contact Jeff Smith at 617-373-4942 (Jef.Smith@neu.edu) or the Financial Aid Office at 617-373-4620.