



University of California
HASTINGS COLLEGE OF THE LAW

Linda Bisesi
Director of Financial Aid

January 8, 2004

Dear PICAP Applicant:

This packet includes PICAP application documents and guidelines for 2004. Hastings values PICAP and in spite of increased budgetary constraints remains committed to it.

Significant Changes for 2004

In response to participant request, PICAP will be converted from a grant program to a forgivable loan program beginning in 2004. As a grant PICAP benefits were taxable. Although Hastings does not take a position on whether or not PICAP benefits in the form of a forgivable loan are taxable, many participants and other loan repayment assistance programs (LRAPs) have taken that position. As a result of this belief, a number of former and current PICAP recipients requested that PICAP be changed to the forgivable loan model. You should consult your tax advisor to determine PICAP taxability in your particular case.

In terms of procedural changes to the program, participants will be required to sign a promissory note prior to being issued the PICAP loan disbursement. As a PICAP recipient you will be required to re-establish eligibility every six months. Once your continued eligibility is established the prior loan will be forgiven and a new promissory note will be issued for the next loan disbursement.

If you lose eligibility within the six-month loan period, you must notify Financial Aid within 30 days of the change in eligibility so that adjustments can be made in a timely manner. As long as you notify Financial Aid within 30 days you preserve the option to keep a prorated amount for which you may be eligible and choose to repay the balance of the loan immediately or go into repayment according to the terms of the promissory note. If you fail to notify Financial Aid within 30 days you forfeit your options and the entire amount of your loan becomes due immediately. Please read the PICAP Guidelines for more information.

As always, funding priority will be given to applicants who complete their applications by the **February 13, 2004** deadline and have a minimum of one full year of qualifying employment as of January 1, 2004. After February 13, 2004 applicants with less than a full year of employment may be considered. Awards are made on a first-come, first-served basis.

PICAP will be awarded to qualifying applications until all funds are committed or April 19. Applications received or completed after the April 19 deadline will not receive consideration.

Federal education loans must be in repayment status to qualify for PICAP funding. Loans in forbearance or deferment are not eligible for PICAP assistance.

A complete application consists of the following:

1. Participation Form
2. Employer Certification
3. Federal tax forms, schedules, income statements (W-2, 1099)
4. Job Description (not required if already on file and unchanged within the last year)

5. Recipients of a July through December 2003 PICAP payment must submit proof of loan payments made during that period. A loan payment history can be downloaded from most lender web sites.

Federal Loan Consolidation

Federal Loan Consolidation allows you to simplify the loan repayment process by combining several types of federal education loans into one loan. The interest rate on the Consolidation Loan is the weighted average of the federal loans consolidated. Unlike Stafford Loans which have an annual variable interest rate, the Consolidated Loan interest rate is fixed for the life of the loan. Stafford Loan rates are currently at an all time low. If you haven't already consolidated your loans, this is a good time to consider it so that you lock in this low rate.

If you are currently having trouble making your monthly loan payments, consolidation will allow you to lower your monthly payments by extending the repayment period up to 30 years.

As you choose the length of repayment for your Consolidated Loan (10-30 years), keep in mind that the amount of your PICAP Forgivable Loan is based on your standard monthly payment. The larger your standard monthly loan payment the larger your PICAP Loan payment will be. PICAP bases its payment on your expected monthly loan payment as determined by the loan repayment schedule you have in place with your lender on January 1.

Generally, having your loans consolidated simplifies the PICAP evaluation process. Your loan payments are fixed for the life of the loan thus making your PICAP loan assistance more easily predictable.

Please read the 2004 Guidelines for more detailed information. If you have questions the Guidelines do not answer please contact me at (415) 565-4624 or by e-mail at bisesil@uchastings.edu.

Best regards,

Linda Bisesi

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2004 PICAP CALENDAR

Applications completed between January 9 – February 13, 2004	<p>January 1 – February 13 is the Priority Funding Period for continuing participants and new applicants with at least one full year of qualifying employment.</p> <p>Required documents: Participation Form, Employer Certification, 2003 Federal Tax Forms & Wage Statements, Loan Payment History, Job Description.</p> <p>Payments for January through June are generated after the signed promissory note is returned to Hastings.</p>
Applications completed between February 14 – April 19, 2004	<p>As long as funds are available, February 14 – April 19 is the timeframe that PICAP is extended to applicants with less than one full year of qualifying employment as of January 1, 2004.</p> <p>Required documents: Participation Form, Employer Certification, 2003 Federal Tax Forms & Wage Statements, Loan Payment History, and Job Description.</p> <p>Payments for January through June are generated after the signed promissory note is returned to Hastings.</p>
April 19, 2004	<p>2004 application cut-off Applications completed after the April 19, 2004 deadline will not be considered.</p> <p>April 19 is the deadline to submit the 2003 Federal Tax Form to confirm 2003 income.</p>
June 1 - 30, 2004	<p>2004 participants must re-establish eligibility to receive July – December funding.</p> <p>Required documents: Participation Form, Employer Certification, Loan Payment History showing January – June loan payments</p> <p>2004 participants who do not intend to re-establish eligibility for the second half of 2004, must confirm their eligibility for the previous loan they received in order to have it forgiven. Confirmation can be established by submitting proof of loan payments made for the loan period.</p> <p>If confirmation is not established by July 31, the January – June loan will become payable in full on August 1.</p>
July – August 2004	<p>July – December PICAP loan disbursements are generated after the signed promissory note is returned to Hastings.</p>
August 1, 2004	<p>January – June PICAP loans that are not forgiven by July 31 become due and must be paid in full on August 1.</p>



PUBLIC INTEREST CAREER ASSISTANCE PROGRAM (PICAP)

2004 Guidelines and Frequently Asked Questions (FAQ)

Introduction

PICAP distributes money to assist in loan repayment to Hastings JD graduates working in low salary government or public interest jobs. The program is administered by the Financial Aid Office, which distributes applications, determines eligibility, and authorizes payment to qualifying applicants. The program and available funding is evaluated annually.

Eligibility Criteria

JD graduates of Hastings College of the Law, who meet the following provisions are eligible to apply:

- a) employment must be full-time;
- b) employment must be law related and require a JD;
- c) employment must be directly for a local, state, or federal government agency, or a public non-profit agency eligible for tax exemption under IRS Code Section 501(c)(3);
- d) applicant's income must be less than the maximum level authorized by the program each year; (refer to question #6 regarding income treatment for married applicants)
- e) applicant must have current qualifying outstanding loans in repayment status, and not be in default on any loan.

One must pass a state bar examination or an equivalent within two calendar years of graduation to remain eligible.

FAQ1 *If I am ineligible now, but become eligible later may I apply?*

You may apply for a PICAP loan during the application period any year in which you meet the eligibility requirements.

FAQ2 *May I receive PICAP benefits before I pass the Bar?*

You do not have to pass the Bar to be admitted to PICAP and receive benefits. However, you must pass the Bar within two calendar years of graduation to remain eligible. For example, if you graduated in May 2002 you must pass the Bar by December 2004.

Employment

FAQ3 *If I work part-time, can part of my debt qualify for PICAP?*

No, you must be employed full-time to qualify for any assistance.

FAQ4 *What qualifies as law related employment?*

This requirement encompasses a wide variety of legal work and is not limited to the practice of law in its strictest sense. The Financial Aid Office in consultation with the Academic Dean's Office and/or General Counsel will make all determinations. **The employment must require a JD.**

FAQ5 *Do I qualify if the organization I work for is partly funded by the government?*

No, your employment must actually be with a government agency (i.e. Public Defender's Office, District Attorney's Office, Judge Advocate General's Office, etc.). Working for a private office that is 80% funded by government sources will not qualify unless it is a 501(c) (3) organization.

FAQ6 *Am I eligible for PICAP if I am currently holding a judicial clerkship?*

No, judicial clerkships do not qualify for PICAP. However, if you enter qualifying employment after finishing a judicial clerkship, then your tenure as a clerk will be credited as qualifying employment for the purpose of determining what percentage of your qualifying loans will be covered by the program.

Example: You served in a judicial clerkship from November 2000 through December 2002 and began working in PICAP eligible employment January 2003. You apply for PICAP beginning January 2004. Because you completed two full years as a judicial clerk and one full year of qualifying employment you will enter PICAP at year level 3.

Income

The maximum income one can make in 2004 and qualify for PICAP is \$49,999.

FAQ7 *How is my income determined?*

The Financial Aid Office shall establish the maximum allowable assets and income. Income is defined as the higher of the total income (line 22 of 1040) under federal income tax laws or the sum of wages, tips, other compensation (Box 1,W-2/1099(s)) of the applicant. For married graduates, the participant is treated as having the higher of:

- a) his/her individual income; or
- b) half of the couple's joint income.

Eligible Loans

FAQ8 *What types of loans are eligible under the program?*

Federal Stafford, Federal Perkins, and Hastings College loan programs certified for study at Hastings will be considered. No assistance will be provided in the repayment of a graduate's undergraduate loans, Alternative loans, Bar Study Loans, family, or personal loans.

FAQ9 *May I receive PICAP if my loans are in forbearance or deferment?*

No, loans must be in repayment status and in good standing to receive PICAP funding.

PICAP as a Forgivable Loan

PICAP Forgivable Loans will be issued twice a year (January and July). At the end of each six-month period (June and December) the PICAP Loan will be forgiven (cancelled) after the participant confirms that s/he maintained eligibility and made all of the required educational loan payments.

Should eligibility not be confirmed, the PICAP Loan will either become immediately due or go into repayment according to the terms of the promissory note. If the loan goes into repayment the interest rate will be an annual fixed rate of 5% and the repayment period will be ten years.

PICAP participants will be required to establish continued eligibility every six months by submitting to the Financial Aid Office no later than June 30, an updated Participation Form, Employer Certification, and proof of loan payments made January – June. After mid-year continued eligibility has been established, the prior loan disbursement will be forgiven (cancelled) and a promissory note for a July – December payment will be generated. The July – December PICAP Loan will be disbursed after the signed promissory note is returned to Hastings.

Calculation of Program Assistance

FAQ10 *If I receive a PICAP award how much of my debt will be funded?*

Your lender determines your monthly educational loan payment on an amortization schedule that is based on the number of years in your repayment schedule (10 – 30 years) and the applicable interest rate. PICAP bases its payment on your expected monthly loan payment as determined by the loan repayment schedule you have in place with your lender on January 1.

A PICAP Forgivable Loan equivalent to a percentage of your expected loan payments will be made twice a year on a sliding scale. The percentage will be based on your expected annual income and the length of qualifying public interest employment you have completed by January 1.

FAQ11 *If I pay more on my loan than the expected standard monthly payment will PICAP pay more?*

PICAP funding is limited. As such, the program does not have the flexibility to pay on a higher amount than your expected standard monthly payment established by the repayment schedule you have in place with your lender on January 1 each year.

The following chart demonstrates the maximum percentage paid. Depending on available funds each year, recipients may receive less than the maximum amount. Refer to FAQ6 for income treatment for married applicants.

Years Employed in Public Interest	Annual Income		
	\$30,000 or Less	\$30,001-40,000	\$40,001-49,999
1	90%	80%	70%
2	92%	84%	75%
3	94%	88%	80%
4	97%	92%	85%
5	100%	96%	90%
6	100%	100%	95%
7	100%	100%	100%
8	100%	100%	100%
9	100%	100%	100%
10	100%	100%	100%

Example: Your qualifying employment began on November 1, 2002. You first applied for PICAP in January 2004. Your income from all sources in 2004 is expected to be \$41,000. As such, you have one *full* year of qualifying employment, but less than two. Therefore, PICAP will pay at year level 1. PICAP will give you a forgivable loan for 70% of your qualifying loan payments.

PICAP Process Flow Chart

- Applicant submits PICAP application documents to Financial Aid Office (FAO).
- FAO reviews documents and determines PICAP eligibility.
- FAO sends e-mail message regarding eligibility to applicant along with the PICAP Funding Eligibility Worksheet (FEW) and Promissory Note (P-Note) as attachments.
- Applicant prints and signs the P-Note and mails it to FAO.
- FAO generates a Check Request for PICAP Loan disbursement and sends it along with the signed P-Note to Hastings College Office of Fiscal Services.
- Fiscal Services processes the Check Request and mails the PICAP Loan disbursement to the applicant.
- PICAP recipient re-establishes eligibility mid-year by resubmitting the application documents along with proof of loan payments made within prior six month period.
- FAO reviews submitted materials and determines whether or not the outstanding loan is eligible for forgiveness and the amount of the next loan disbursement.
- FAO sends e-mail message regarding eligibility to applicant with the PICAP FEW and P-Note as attachments.
- Applicant prints and signs the P-Note and mails it to FAO.
- FAO generates a Check Request for PICAP payment and sends it along with the signed P-Note to Hastings College Office of Fiscal Services.
- Fiscal Services forgives the outstanding loan and issues a new loan disbursement.

Disbursement of Funds

FAQ12 *When do I get my PICAP loan disbursement?*

PICAP loans and loan disbursements are issued twice a year after completion of the required documents establishing eligibility. Checks are sent directly to the participants.

FAQ13 *Are my loan disbursements from PICAP taxed?*

Hastings does not take a position on whether or not PICAP benefits in the form of a forgivable loan are tax exempt from federal taxation pursuant to IRS Code 108(f). Other loan repayment assistance programs (LRAPs) have taken that position. You should consult your tax advisor to determine PICAP taxability in your particular case.

Changes in Eligibility

FAQ14 *What happens if I become ineligible for the program after having received a loan disbursement?*

As a PICAP recipient, you agree to notify the Financial Aid Office within 30 days of becoming ineligible so that the PICAP award can be adjusted in a timely manner. As long as you **notify Financial Aid within 30 days you preserve the option to keep a prorated amount for which you may be eligible.** You may then choose to either repay the balance of the loan immediately or go into repayment for the balance according to the terms of the promissory note.

If you fail to notify Financial Aid within 30 days of becoming ineligible you forfeit your repayment options and the entire amount of your loan becomes due immediately.

FAQ15 *What happens if my eligibility changes and I am not eligible for the full amount of the disbursement I received, but I remain eligible for the program and am eligible for a lesser amount?*

Sometimes a person's circumstances change and s/he becomes ineligible for part of the most recent disbursement he received, but continues to maintain eligibility for the PICAP program. In such a case, an appropriate adjustment will be made to the subsequent PICAP amount.

Leaves of Absence

A participant may take up to two years of leave for purposes of child care, nurturing responsibilities, relocation, further education, debilitating injury or illness, etc. During this period the participant is not eligible for assistance. Upon re-commencement of qualifying work, the graduate again becomes eligible for assistance.

Length of Program Participation

There is no limit to the number of years one may participate in PICAP as long as the eligibility criteria are met.

Application Procedure

Applications for 2004 forgivable loans will be accepted from January 1 through April 19, 2004.

Applications may be obtained from the UC - Hastings College of the Law Financial Aid Office, 200 McAllister Street, San Francisco, California 94102 or on the UC - Hastings College web site at http://www.uchastings.edu/finaid_01/Programs/PICAP.htm

Required Documents

- a) Participation Form;
- b) Employer Certification;
- c) Job Description (not required if already on file and has not changed within the last year)
- d) Documentation of loan payments made in the prior pay period;
- e) Federal tax forms, schedules, income statements (W-2, 1099);
- f) Clarification or follow-up documents as required by the program

2004 Deadlines

Priority Funding Deadline: February 13, 2004

Final 2004 Deadline: April 19, 2004

Priority is given to applicants with a year or more of qualifying employment as of January 1, 2004. To receive priority-funding consideration your file must be complete by **February 13, 2004**. After February 13, applicants with less than one year of qualifying employment may be considered.

Funds are awarded on a first-come, first-served basis to complete files until all the funds are committed or **April 19, 2004**. Applications received or completed after the April 19 deadline will not receive consideration.

Participants must confirm continued eligibility in June by submitting the required documents in order to have the January through June loan forgiven and to initiate the July through December PICAP Loan.

Limited Funds

Because PICAP funds are limited, awards are not guaranteed. Awards are made based on an annual budget approved by the Hastings Board of Directors and on the earnings of endowment funds restricted to the PICAP program.

In no case is program assistance available to graduates who have no outstanding law school loans.

Right to Modify

Hastings College of the Law reserves the right to change the terms of the PICAP program at any time.

More Questions?

Contact the Hastings College Financial Aid Office at (415) 565-4624 or Linda Bisesi at bisesil@uchastings.edu

**University of California
HASTINGS COLLEGE OF THE LAW**

**2004 PUBLIC INTEREST CAREER ASSISTANCE PROGRAM (PICAP)
APPLICATION (Participation Form)**

A priority funding period is available to continuing participants and new applicants with at least one year of qualifying employment. To receive priority funding consideration all required documents must be submitted or postmarked by February 13, 2003. If funds remain after the priority group is awarded, PICAP will be extended to applicants with less than one full year of qualifying employment. No applications will receive consideration after April 19, 2004. Funds are limited and issued on a first-come, first-served basis until committed or April 19. Please refer to PICAP 2004 Guidelines for detailed information.

I. PERSONAL DATA

Name: _____ Social Security Number: _____

Address: _____

Home Telephone: _____ Work Telephone: _____

Marital Status: _____ E-mail Address: _____

Applicant's expected 2004 total gross income from all sources (equivalent to your share of Fed Tax Form line 22): _____

Date of Hastings Graduation: _____

Date Passed the State Bar Examination: _____ State(s): _____

Applicants must pass a state bar examination or an equivalent within two calendar years of graduation.

II. EMPLOYMENT INFORMATION

Current Employer: _____

Employer's Address: _____

Phone Number: _____ Starting Date: _____ Ending Date _____

Full-time: _____ Part-time: _____ Job Title: _____

III. PREVIOUS FULL-TIME PUBLIC INTEREST EMPLOYMENT

Current Employer: _____

Employer's Address: _____

Phone Number: _____ Starting Date: _____ Ending Date _____

Full-time: _____ Part-time: _____

Annual Salary: _____ Job Title: _____

IV. SPOUSE'S EMPLOYMENT INFORMATION

Current Employer: _____

Employer's Address: _____

Phone Number: _____ Starting Date: _____ Ending Date _____

Full-time: _____ Part-time: _____ Job Title: _____

Spouse's expected 2004 total gross income from all sources (equivalent to spouse's share of Fed Tax Form line 22): _____

V. QUALIFYING LOANS

In determining your educational loan repayment obligations, **only loans certified for study at Hastings will be considered. Loan programs eligible for assistance are Federal Subsidized and Unsubsidized Stafford Loans, Federal Perkins Loans and Hastings College Loans.** Undergraduate loans, alternative loans, Bar Study Loans, family, personal loans, or loans for other than educational purposes are not included.

If you consolidated your Hastings Loans with loans taken for study at schools other than Hastings, we need to determine the portion of the consolidation loan that is Hastings debt. Therefore, in the Consolidation Loan area below, break out the amount of Stafford or Perkins Loan borrowed at Hastings that is now included in the Consolidation Loan.

Please complete the following table. **Include only loans taken for study at Hastings College of the Law.**

Loan Type	Lender	Outstanding Balance	Monthly Payment	Date Payments Begin	Length of Repayment (10,15,30 years)
Perkins	Hastings College	_____	_____	_____	_____
Subsidized Stafford	_____	_____	_____	_____	_____
Unsubsidized Stafford	_____	_____	_____	_____	_____
Hastings College Loan	Hastings College	_____	_____	_____	_____
James O'Neill	Hastings College	_____	_____	_____	_____
Consolidation Loan	_____	_____	_____	_____	_____
SubStafford at Hastings	_____	_____	_____	_____	_____
UnsubStafford at Hastings	_____	_____	_____	_____	_____
Perkins at Hastings	_____	_____	_____	_____	_____

VI. AGREEMENT

I declare under the penalty of perjury, all information on this application is true and complete to the best of my (our) knowledge.

I agree to report to the Financial Aid Office within 30 days, any change that causes me to become ineligible for a current loan disbursement. If I notify Financial Aid within 30 days of becoming ineligible I understand that I preserve the option to keep a pro-rated amount for which I may be eligible. I may then choose either to repay the unearned portion of the loan immediately or go into repayment according to the terms of the promissory note.

Furthermore, I understand that failure to report within 30 days a change that causes me to become ineligible will result in the loan becoming immediately due.

I understand that as a continuing PICAP loan recipient, if I fail to reapply by the April or July deadlines or fail to notify the Financial Aid Office of my intent NOT to re-apply, by those same dates, my PICAP loan will become immediately due and payable.

I authorize the Fiscal Services Office to release my Perkins, O'Neill, or Hastings Loan repayment history for the purpose of calculating my PICAP assistance.

Applicant's Signature

Date

Spouse's Signature

Date

**University of California
HASTINGS COLLEGE OF THE LAW
200 McAllister Street
San Francisco, CA 94102**

2004 PUBLIC INTEREST CAREER ASSISTANCE PROGRAM (PICAP)

Employer Certification Form

PART A: TO BE COMPLETED BY THE APPLICANT.

INSTRUCTIONS: Please complete Part A and forward this form to your current and, if applicable, former employer(s).

Name: _____

Social Security Number: _____

I authorize my employer, _____, to provide the information requested in Part B to Hastings College of the Law.

Applicant's Signature

Date

PART B: TO BE COMPLETED BY THE APPLICANT'S EMPLOYER.

INSTRUCTIONS: The above named individual has applied to the loan repayment assistance program at Hastings College of the Law. The application process requires employer certification of the applicant's employment status. Please complete the following information and return it to our office. If you have any questions, please contact the Hastings College Financial Aid Office at (415) 565-4624.

The above named individual is a _____ current _____ former employee.

Date employment began/will begin: _____

Date employment ended (if applicable): _____

Employment Status: Full-time: Yes No Part-time: Yes No

Leave of Absence: Yes No (If yes, give dates) _____

Estimated Gross annual salary (January 1, 2004 - December 31, 2004) _____

Is a JD degree required for this individual's position? Yes No

Employing agency is a: local, state or federal government agency

private, non-profit agency qualifying for tax exemption under IRS Sections Code 501(c)(3)

Print Name and Title _____

Signature _____

Date _____

Telephone _____