



University of California
HASTINGS COLLEGE OF THE LAW

Linda Bisesi
Director of Financial Aid

December 7, 2006

Dear PICAP Applicant:

This packet includes PICAP application documents and guidelines for 2007. UC Hastings is proud of its legacy of graduates who choose to work in public interest positions. As such, it values PICAP and remains committed to it in spite of increased budgetary constraints.

PICAP is a Forgivable Loan

In response to participant request, PICAP was 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.

Procedures will not change for 2007. Participants are required to sign a promissory note prior to being issued the PICAP loan disbursement. As a PICAP recipient you are 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 either 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 15, 2007** deadline and have a minimum of one full year of qualifying employment as of January 1, 2007. After February 15, 2007 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. Job Description (not required if already on file and unchanged within the last year)

4. Recipients of a July through December 2006 PICAP payment must submit proof of loan payments made during that period. A loan payment history can be downloaded from most lender web sites.
5. 2006 Federal tax forms, schedules, income statements (W-2, 1099) after filing with IRS in April 2007

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. The Consolidated Loan interest rate is fixed for the life of the loan. If you haven't already consolidated your loans, this is a good time to consider it.

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. If you would like more information about Federal Consolidation please contact Linda Bisesi in the Financial Aid Office.

Please read the 2007 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

2007 PICAP CALENDAR

Applications completed between January 1 – February 15, 2007	<p>January 1 – February 15 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, Loan Payment History, Job Description and 2006 Federal Tax Forms & Wage Statements after filing in April.</p> <p>Payments for January through June are generated when signed promissory note is received.</p>
February 15, 2007	<p>February 15 is the deadline for 2006 participants to either re-establish eligibility or confirm their intent to re-establish eligibility in order to avoid having their prior PICAP loan enter repayment.</p> <p>Intent can be established by submitting all required documents except the Federal Tax Form. Nevertheless, the Federal Tax Form must be submitted no later than April 19.</p> <p>2006 participants who do not intend to re-establish eligibility for 2007, must confirm their eligibility for the July – December 2006 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>2006 participants who fail to communicate their intent by the February 15 deadline will be assessed a fee in the amount of 5% of the loan balance and will be placed into repayment effective March 1.</p>
Applications completed between February 15 – April 19, 2007	<p>As long as funds are available, February 15 – April 19 is the timeframe that PICAP is extended to applicants with less than one full year of qualifying employment.</p> <p>Required documents: Participation Form, Employer Certification, 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, 2007	<p>2007 application cut-off</p> <p>Applications completed after the April 19, 2007 deadline will not be considered.</p> <p>April 19 is the deadline to submit the 2006 Federal Tax Form to confirm 2006 income.</p>
July 1 - 31, 2007	<p>2007 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>2007 January – June participants who do not intend to re-establish eligibility for the second half of 2007, must confirm their eligibility for the January – June loan in order to have it forgiven. Confirmation can be established by submitting proof of loan payments made for the loan period.</p> <p>2007 participants who fail to communicate their intent by the July 31 deadline will be assessed a fee in the amount of 5% of the loan balance and will be placed into repayment effective August 1.</p>
July – August 2007	<p>Payments for July through December are generated when signed promissory note is received.</p>



PUBLIC INTEREST CAREER ASSISTANCE PROGRAM (PICAP)

2007 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 2005 you must pass the Bar by December 2007.

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 2003 through December 2005 and began working in PICAP eligible employment January 2006. You apply for PICAP beginning January 2007. 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 2007 and qualify for PICAP is \$59,999.

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 UC Hastings will be considered. No assistance will be provided in the repayment of a graduate's undergraduate loans, Alternative loans, Grad PLUS 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 are issued twice a year (January and July). At the end of each six-month period (June and December) the PICAP Loan are 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 either becomes immediately due or goes 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 five years or earlier as required pursuant to the minimum monthly payment.

PICAP participants are required to establish continued eligibility every six months by submitting to the Financial Aid Office no later than July 31, 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		
	\$40,000 or Less	\$40,001-50,000	\$50,001-59,999
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, 2005. You first applied for PICAP in January 2007. Your income from all sources in 2007 is expected to be \$51,000. 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 with the PICAP Funding Eligibility Worksheet (FEW) attached.
- UCH Office of Fiscal Services sends e-mail to applicant with the PICAP Promissory Note (P-Note) attached.
- 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 UCH Office of Fiscal Services.
- Fiscal Services processes the Check Request and mails the PICAP Loan disbursement to the applicant or the disbursement can be directly deposited into a bank account by completing the paperwork found here: <http://uchastings.edu/?pid=3424>
- 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 attached.
- UCH Office of Fiscal Services sends e-mail to applicant with the PICAP Promissory Note (P-Note) attached.
- Applicant prints and signs the P-Note and mails it to FAO.
- FAO generates a Check Request for second PICAP loan disbursement and sends it along with the signed P-Note to UCH Office of Fiscal Services.
- Fiscal Services forgives the outstanding loan and issues the second 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 or deposited directly into a bank account. Direct deposit paperwork can be found at <http://uchastings.edu/?pid=3424>.

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 2007 forgivable loans will be accepted from January 1 through April 19, 2007.

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) after filing in April;
- f) Clarification or follow-up documents as required by the program

2007 Deadlines

Priority Funding Deadline: February 15, 2007

Final 2007 Deadline: April 19, 2007

Priority is given to applicants with a year or more of qualifying employment as of January 1, 2007. To receive priority-funding consideration your file must be complete by **February 15, 2007**. After February 15, 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, 2007**. 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**

**2007 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 15, 2007. 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, 2007. Funds are limited and issued on a first-come, first-served basis until committed or April 19. Please refer to PICAP 2007 Guidelines for detailed information.

I. PERSONAL DATA (Print Clearly)

Name: _____ Social Security Number: _____

Address: _____

Home Telephone: _____ Work Telephone: _____

Marital Status: _____ E-mail Address: _____

Applicant's expected 2007 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 2007 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 Federal 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.**

Loan Type	Lender	Outstanding Balance	Monthly Payment	Date Payments Begin	Length of Repayment (10 - 30 Yrs)
Perkins	Hastings College				
Subsidized Stafford					
Unsubsidized Stafford					
Hastings College Loan	Hastings College				
James O'Neill Loan	Hastings College				
Federal 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**

2007 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, 2007 - December 31, 2007) _____

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 _____