

WASHINGTON AND LEE UNIVERSITY SCHOOL OF LAW

SHEPHERD LOAN REPAYMENT ASSISTANCE PROGRAM

Overview

The Washington and Lee University School of Law Shepherd Loan Repayment Assistance Program (the "LRAP") is designed to provide financial assistance to graduates working in the public interest at salaries below what their counterparts in the private sector are earning. The LRAP will be administered by the LRAP Committee (the "Committee"), appointed by the Dean, which will have complete discretion in determining eligibility for the LRAP and allocating awards. Terms of the LRAP program are set forth in this document, the initial and renewal applications and the Promissory Note (referred to collectively as "the LRAP").

Eligibility

Eligible Graduates

Loan repayment assistance may be awarded to those J.D. graduates of Washington and Lee University School of Law ("W&L Law") who (i) graduated in 2001 or after; (ii) are working full-time in "Qualifying Employment" (as defined below); (iii) meet the financial eligibility guidelines outlined below; and (iv) submit a complete application by February 15.

Qualifying Employment

"Qualifying Employment" is defined to include legal work in the public interest, public service, or other similar employment. Qualifying public interest work includes providing direct legal services to, or conducting impact litigation or engaging in policy work on behalf of, indigents and/or underserved populations, in that order of preference. Qualifying public service includes certain federal, state or local government service, such as public defenders or prosecutors, as well as work in higher education administration, such as college or university General Counsel's offices, Admissions or Career Planning. Such public service also includes legal work in the military but does not include judicial clerkships. The LRAP Committee has discretion to determine whether a particular employment constitutes "Qualifying Employment" under the LRAP Program and to give preference to certain types of employment over others.

Departure from Qualifying Employment/Leaves of Absence

LRAP recipients are required to notify the Committee in writing within thirty (30) days if they leave full-time Qualifying Employment at any time, and provide a detailed explanation of the terms of their departure or leave of absence. The extent to which a leave of absence or temporary reduction in hours from Qualifying Employment will affect the status of an applicant's loans under the LRAP shall be determined by the Committee on a case by case basis.

Financial Eligibility

To determine whether a graduate working in Qualifying Employment is financially eligible for the LRAP Program, the Committee will take into consideration the following information:

1. The applicant's and his or her spouse's income;
2. The applicant's and his or her spouse's major expenses;
3. Number of dependents, their ages and circumstances;
4. Assets, including cash, fair market value of investments (including trusts), and property owned by the applicant and/or his or her spouse;
5. Cost of living in the area in which the applicant lives;
6. Total indebtedness, including educational loans, bar study loans, and other indebtedness of applicant and spouse;
7. Annual educational debt payment of applicant and spouse, meaning the amount that applicant and spouse are obligated to pay each year to service all educational debt, including bar study loans;
8. Extraordinary financial obligations, e.g., medical expenses;
9. Loan repayment assistance from other sources or gifts; and
10. Any other financial information the Committee requests or the applicant wishes to bring to the Committee's attention.

The Committee will also review mean and median public interest salaries as collected annually by the National Association for Law Placement (NALP), and will make salary comparisons using federal government salary data.

Determinations of eligibility for repayment assistance and loan forgiveness are at the discretion of the Committee.

Loan Repayment Assistance and Loan Forgiveness

Calculation of Repayment Assistance

The amount of repayment assistance will be determined at the Committee's discretion taking into account income, annual educational debt payment, cost of living and other data the Committee deems relevant.

Loans to Participants

Funds from the LRAP will be used to make a loan to the qualifying applicant for each year during which the Committee awards such assistance to the applicant. Such loan(s) shall be for the specific purpose of re-paying the applicant's educational loans, and the applicant must certify that he or she will use the loan solely for that purpose. No amounts shall be disbursed under the LRAP until the intended recipient signs a Promissory Note in favor of Washington and Lee

University School of Law, substantially in the form attached hereto as Exhibit A.

Loan Repayment or Forgiveness

If a recipient of an LRAP award works for fewer than three years in qualifying employment, the recipient will become obligated to re-pay any loans made to date under the LRAP in accordance with the repayment terms set forth in the related Promissory Note(s).

In order to qualify for loan forgiveness, a recipient must remain in qualifying employment for three consecutive years and be engaged in qualifying employment at the time of the award. If renewal awards are issued in years two and/or three, those loans are also forgiven after the third consecutive year of qualifying employment.

After the first three consecutive years of qualifying employment, subsequent award loans will be forgiven after 12 additional consecutive months of qualifying employment from the award date. If a recipient leaves qualifying employment during the relevant time period, the award loan will be forgiven on a pro-rata basis.

The Committee has the discretion to consider exceptional circumstances in assessing forgiveness or repayment terms of an award.

Tax Implications

W&L Law interprets the Internal Revenue Code such that the assistance provided under the LRAP is not considered a taxable event to the applicant, provided that the recipient works for a government entity or a 501(c)(3) not-for-profit organization. However, W&L Law's interpretation of the Code does not constitute, and should not be considered, legal advice; recipients of LRAP assistance are strongly encouraged to consult a tax advisor about the taxability of loan forgiveness under this program given their particular circumstances.

Application Process

Application Deadline

The LRAP operates on a calendar year. The Committee will accept applications from eligible graduates no later than February 15 of each year, and will use its best efforts to announce awards as soon as possible.

Application Documentation -- Initial Application

The LRAP application materials for first-time applicants are available in the Office of Career Planning and on the Career Planning website at <http://law.wlu.edu/career/page.asp?pageid=147>.

The application materials include:

1. Application, and accompanying worksheets;
2. Lender Certification, to be provided by each of the applicant's educational lenders;
3. Employer Certification, to be provided the applicant's employer(s) and his or her spouse's employer(s); and
4. Additional documentation specified in the Initial Application Checklist.

Applicants are directed to the Initial Application Checklist included in the application materials for a complete list of the documents to be submitted to the Committee. The Committee reserves the right to request additional information and/or documents from the applicant if it determines that the information is needed to evaluate the application. Even if the applicant does not reapply in subsequent years, he/she must comply with the obligations set forth in the post-award documentation section below in order to be eligible for loan forgiveness. See Post-Award Documentation below.

Application Documentation -- Renewal Application

Recipients of LRAP funds must submit renewal application materials by February 15 of each year following the initial application. The renewal application materials are available in the Office of Career Planning and on the Career Planning website at <http://law.wlu.edu/career/page.asp?pageid=147>. The renewal application materials include:

1. Renewal Application, and accompanying worksheets;
2. Lender Certification, to be provided by each of the applicant's educational lenders;
3. Employer Certification, to be provided the applicant's employer(s) and his or her spouse's employer(s); and
4. Additional documentation specified in the Renewal Application Checklist.

Applicants are directed to the Renewal Application Checklist included in the application materials for a complete list of the documents to be submitted to the Committee. The Committee reserves the right to request additional information and/or documents from the applicant if it determines that the information is needed to evaluate the application.

Post-Award Documentation

By no later than May 1 of each year in which an award is received, a recipient of an LRAP award must provide to the Committee a copy of the recipient's and the recipient's spouse's tax return for the previous year. If after receiving an award an applicant does not submit subsequent requests for assistance but remains in qualifying employment, he/she must submit an employer certification by May 1 of each of the two years following the initial award in order to be considered for loan forgiveness.

Administration

LRAP Committee

The LRAP Committee shall administer the LRAP and shall have complete discretion with regard to eligibility and awards made under the LRAP. All initial and renewal application materials, post-award documentation, notifications and responses to requests for additional information, must be provided to the LRAP Committee at the following address:

Shepherd Loan Repayment Assistance Program
Washington and Lee University School of Law
c/o Office of Career Planning and Professional Development
Sidney Lewis Hall, Room 490
Lexington, VA 24450
Phone: 540-485-8535
Fax: 540-458-8488

Notification of Changes

Recipients of loan repayment assistance under the LRAP are required to notify the Committee of any changes in their address, employment or financial circumstances within thirty (30) days of any such change. Such changes in circumstances include but are not limited to (i) a change of employer; (ii) a change in the conditions of a recipient's employment, such as full-time versus part-time status, salary, position duties and the like; (iii) receipt of loan repayment or other financial assistance from another source, such as an employer, government or bar association program; and (iv) a change in annual income, including one attributable to a spouse.

Consequences of Noncompliance

If the applicant fails to abide by the terms of the LRAP, or otherwise becomes ineligible for assistance as determined by the Committee, the loan will become due as set forth in the Promissory Note.

Contact Information

For questions concerning the LRAP, please contact the Office of Career Planning and Professional Development at W&L Law by phone, 540-458-8535, or email, lawcareer@wlu.edu.

EXHIBIT A
(Promissory Note)

**Washington and Lee University School of Law
Shepherd Loan Repayment Assistance Program**

PROMISSORY NOTE

Lexington, Virginia

I, _____ (the "Maker"), promise to pay to THE WASHINGTON AND LEE UNIVERSITY
[First Name] [Last Name]
SCHOOL OF LAW (the "Noteholder"), located in Lexington, Virginia, such amounts as are advanced to me or on my behalf in accordance with Noteholder's Shepherd Loan Repayment Assistance Program (the "LRAP") and endorsed as set forth below, together with all reasonable attorneys' fees and other reasonable costs and charges necessary for the collection of any amount not paid when due according to the terms of this Note.

Date:

Amount of Advance:

Maker's Signature: _____

I further agree and understand that:

Repayment

Repayment of the principal and the interest that accrues on it shall be made over a period beginning six (6) months after the date on which I cease my Noteholder-approved, qualifying employment or thirty (30) days after the date the Committee determines I have not complied with the terms of the LRAP, whichever occurs first, and ending no more than five (5) years later. Repayment of principal and interest shall be made in lawful money of the United States of America directly to Noteholder during the course of the repayment period in equal monthly installments, as calculated by Noteholder. I may at my option and without penalty prepay at any time all or any part of the principal, plus any interest accrued thereon to the date of prepayment. Partial prepayments shall be applied against the balance of any unpaid interest first, and then against any outstanding principal.

I understand and agree that payments received by the Noteholder more than ten (10) days after the payment is due under the terms of this Note shall be subject to a late charge of five percent (5%) of the payment due.

THE OBLIGATION REPRESENTED BY THIS NOTE MAY NOT BE ASSUMED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE NOTEHOLDER.

Interest

Interest on the unpaid balance shall accrue at the rate of eight percent (8%) per annum from the first day of the month following the expiration of the six-month grace period after the end of my Noteholder-approved, qualifying employment or thirty (30) days after the date the Committee determines I have not complied with the terms of the LRAP, whichever occurs first.

Default

I understand and agree that any of the following shall constitute an event of default: (i) the failure to make any installment payment under this Note when due; (ii) the death of the Maker; or (iii) the insolvency of the Maker, the application for the appointment of a receiver for the Maker, the filing of a petition under any provision of the federal bankruptcy law by or against the Maker, or the making of an assignment for the benefit of creditors by the Maker. Upon the happening of an event of default, the entire unpaid principal balance of this Note and all accrued but unpaid interest, if any, shall, at the option of the Noteholder, without notice or demand, immediately become due and payable. Any failure of the Noteholder to exercise such option shall not be deemed a waiver of the right to exercise the same in the event of any subsequent event of default.

I understand and agree that if I fail to fulfill any of my obligations described in this Note, the Noteholder may withhold any rights and privileges to which I may otherwise be entitled, including confirmation of attendance or graduation, registration for study, receipt of diplomas, and release of transcripts. Further, I understand that if I default on payments under this Note, the Noteholder may disclose that I have defaulted, along with other relevant information, to credit bureau organizations.

I, the Maker, hereby (i) waive presentment, protest and notice of dishonor; (ii) waive the benefit of the homestead exemption and any other exemption as to the debt evidenced by this Note; (iii) waive any right to require the Noteholder to proceed against any other person; (iv) agree that, without notice to the Maker and without affecting the Maker's liability, the Noteholder may, at any time or times, grant extensions of time for payment to the Maker, permit the renewal of this Note and add or release the Maker; (v) agree that the Maker's obligations with respect to this Note shall remain in effect notwithstanding any other circumstances that might otherwise constitute a legal or equitable discharge of the Maker's obligations hereunder; (vi) agree that any action to collect this Note or any part hereof may be instituted and maintained in a court having appropriate jurisdiction and located in the County of Rockbridge, Virginia; and (vii) agree to pay all collection expenses, including reasonable attorneys' fees, and court costs incurred in the collection of this Note or any part hereof.

Deferment or Cancellation

The Noteholder may, upon my application, defer or reduce any scheduled payment if, in the discretion of the Noteholder, extraordinary circumstances such as prolonged illness, unemployment, or other circumstances deemed appropriate by the Noteholder prevent me from making such payments.

The full amount of this loan is subject to forgiveness/cancellation if the Maker satisfies the conditions for forgiveness/cancellation outlined in the LRAP documentation in effect on the date of execution of this Promissory Note. Whether the Maker has satisfied such conditions shall be determined by the Committee, as defined in the Program documentation, in its sole discretion.

Notice and Change of Status

Any notice to the Maker provided for in this Note shall be given by mailing such notice by first class mail, postage prepaid, addressed to the Maker at the address of the Maker on file with the Noteholder. Any notice to the Noteholder shall be given by mailing such notice by certified mail to the Noteholder at the address stated in the first paragraph of this Note, or to such other address as may have been designed by notice to the Maker.

I understand and agree that I am responsible for informing the Noteholder in writing within thirty (30) days of any change in my name, address, social security number, marital status, loan repayment status, or employment.

Modifications

No modifications or waiver of any provision of this Note shall be effective unless agreed to in writing by the Noteholder and then only in the specific instance and for the specific purpose to which the Noteholder consents.

Applicable Law and Construction

This Note is made with reference to, and its validity, obligation, interpretation, and effect shall be governed by the laws of the Commonwealth of Virginia. If any provision of this Note shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid or unenforceable provision were omitted.

Maker:

[Name]

Date of signature