

SECTION 4 LOAN REPAYMENT PROGRAM (LRP)**030401. ELIGIBILITY.**

Navy ratings and programs eligible for LRP are announced by naval message and posted on the NAVCRUITCOM public website at <https://mpte.portal.navy.mil/sites/NRC/Pages/Home.aspx>. Applicants must meet the following criteria to be eligible for the LRP:

- a. Non-prior service.
- b. High school diploma graduate (HSDG) (Tier 1).
- c. Achieve a minimum AFQT score of 50.
- d. Qualify for and enlist in one of the LRP qualifying ratings.

Eligibility continues if a service member is reassigned to a different rating due to the needs of the Navy.

Note: Combinations of EB and LRP and combinations of LRP and NCF are prohibited.

030402. QUALIFYING LOANS.

Existing education loans must meet all of the following requirements in order to qualify for repayment:

- a. Must have been made towards the education of the applicant.
- b. Must qualify under part B, D, or E of Title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq; 1087a et seq; 1087aa et seq). Unless the recruit is listed as the student on Parent Loans for Undergraduate Students (PLUS), this type of loan is ineligible for repayment.
- c. Must have been made after October 1, 1975 and before the applicant's active duty service date.

030403. APPLICATION AND APPROVAL.

When a Future Sailor requests entry into the LRP, and meets the eligibility criteria listed above, LRP should be immediately requested via PRIDE. The LRP applicant must also sign the LRP PRIDE text file. Regardless of final LRP approval, copies of this form should be kept as part of the residual file. The LRP application is complete when the applicant selects the LRP option during the classification process and provides all items listed on LRP WORKSHEET to the NAVCRUITCOM LRP Coordinator (NAVCRUITCOM N32), and receives final approval for enrollment into LRP via PRIDE. If the applicant does not have an LRP request and approval in PRIDE, the applicant is not eligible for the LRP. Completed applications are due 60 days after entry into the Delayed Entry Program (DEP).

If applications cannot be completed within 60 days after entry into DEP, an exception to policy may be requested using NAVCRUIT 1133/103. Exceptions to LRP policy are to be scanned and sent via email from the applicable NAVCRUITDIST CO to the LRP manager. Exceptions to policy will be approved or disapproved on a case-by-case basis.

Initial requests for LRP in PRIDE must be submitted at least 70 days prior to shipping. Exceptions to policy using NAVCRUIT 1133/103 via email from the applicable NAVCRUITDIST CO may be requested.

LRP applicants who do not have an NAVCRUITCOM approved LRP application within 10 days of shipping to RTC must be rolled out to a later date, or sign a decline letter and be provided a new enlistment guarantee.

Note: All forms are good for 90 days from date of signature (applicant and lender), unless otherwise indicated.

030404. DISENROLLMENT.

A service member will be automatically disenrolled from the program and forfeits all future loan repayments if any of the following occur:

- a. The Future Sailor and recruiter have not provided all items listed on the LRP worksheet to the LRP manager within 10 working days of shipping date.
- b. The last payment has been made on loans submitted at initial enlistment.
- c. The applicant receives a commission or warrant appointment.
- d. The applicant is discharged or released from active duty or DEP.

030405. BENEFITS.

The U.S. Navy will pay the lesser of the original loan amount or the unpaid principle balance at the time of accession (not to exceed \$65,000). Accrued interest, fines, penalties, or processing fees cannot be paid for by the U.S. Navy.

- a. Loan payments will be made directly to lender(s) in payments of 33 1/3 percent of the loan or \$1,500 (whichever is greater) for each completed year of service. If the outstanding principle balance becomes less than 33 1/3 percent of the initial balance, the outstanding balance will be paid. The loan(s) must be in good standing to be eligible for repayment.
- b. According to the Internal Revenue Service (IRS), loan repayments are subject to federal and state taxes. DFAS will withhold taxes so that the amount that is paid to the lender(s) will be less than the loan value. DFAS will generate W-2 forms for payments.
- c. The U.S. Navy will not refund any amount of the loan paid by other parties.

030406. STUDENT LOAN DEFERMENT OR FORBEARANCE.

Enrollment in the LRP does not exempt a service member from all obligations associated with the repayment of the loan. Since the first LRP payment cannot be made until the service member has completed one year of service, the service member may choose to seek loan deferment or forbearance to prevent defaulting on loans. It is the service member's responsibility to secure deferment or forbearance on their loans and must communicate such intentions directly to the lender.

030407. SPECIAL CONDITIONS

- a. Service members who do not complete their initial term of enlistment may qualify for prorated credit if they completed at least one full year of enlisted service.
- b. Service members who receive a commission or warrant appointment or are selected to any pre-commissioning programs lose their LRP eligibility.

The Navy will prorate any eligible payment using the effective date of rank. The prorated amount is based on the number of years completed at the time of commissioning or appointment.

c. LRP participants may use MGIB however, the law currently does not allow LRP participants to use MGIB benefits unless they enlist for a second term (and have served a minimum of 24 months of that second term). Should participants desire to utilize MGIB, they will have \$100.00 per month deducted from their pay for the first year of enlistment. This amount is not refundable if the participant does not reenlist. LRP participants that decline the MGIB may still be eligible for educational benefits under the Post 9-11 GI Bill. Service commitments for LRP participants do not count as qualifying service for the Post 9-11 GI Bill. Qualifying service will start after completion of three years of service. While at RTC, all recruits will be thoroughly briefed on their options.

d. LRP participants are not eligible for the Navy College Fund (NCF) although it may be available for their rating. There are no exceptions to this policy.

030408. PROCESSING LRP APPLICANTS

a. The recruiter shall:

(1) Use the LRP worksheet and forward, via email to cnrc.LRP-EB@navy.mil, with required documents within 60 days of reservation date. Exceptions to policy may be requested for time extensions up to 10 working days before shipping IAW the application and approval section 030403.

(2) Assist applicants in obtaining necessary documentation to ensure a complete application is submitted and received no later than 60 days after reservation date.

(3) Ensure applicant completely reads each sentence and signs the NAVCRUIT 1133/75 (Statement of Understanding Loan Repayment Program) in the presence of a Navy Representative.

(4) Ensure the DD Form 2475s are properly completed:

(a) Section 1 (Personnel Officer Verification). A detailed set of instructions can be found on the Enlistment Incentives web pages on NAVCRUITCOM's web page (www.cnrc.navy.mil). Navy personnel are authorized to sign in the appropriate blocks in Section One. The DD Form 2475 should be mailed back to the recruit to ensure correctness before forwarding as part of the LRP application to NAVCRUITCOM (N32) via email.

(b) Section 2 (Service Member Data). Self-explanatory.

(c) Section 3 (Loan Data). Self-explanatory.

(d) Section 4 (Loan Verification). To be completed by the lender. Once Sections 1 through 3 have been completed, the applicant is responsible for forwarding lenders DD Form 2475s in a timely manner to meet LRP application deadline requirements. DD Form 2475 with section 4 completed by anyone other than the loan holder will not be accepted and will delay application processing.

(5) Remind the applicant of their responsibilities as outlined on NAVCRUIT 1133/75.

b. The Classifier/MLPO shall:

Note: Applicants who ship without NAVCRUITCOM (N32) approval in PRIDE are not enrolled in the Navy's LRP.

(1) Ensure NAVCRUIT 1133/52 includes LRP as an option and matches the final reservation/DEP LRP entries in PRIDE.

(2) Ensure future Sailor signs LRP PRIDE text file and LRP statement of understanding.

(3) Perform quality control check to ensure the applicant meets eligibility criteria as outlined in Article 030401.

(4) Update PRIDE record to reflect status of "requested".

(5) Ensure that in PRIDE the applicant has been enrolled or disenrolled in LRP at the time applicant is confirmed.

Note: Additional processing guidelines (prompts) will appear in PRIDE when initially classifying or updating an applicant's record for LRP. Classifiers will follow the guidelines in PRIDE in addition to the steps listed above.

c. RTC will, after accession onto active duty, complete DD Form 2366 with section 4 using the following statement: "I understand that I am eligible for enrollment in the MGIB Program now, but will not establish eligibility for benefits until I reenlist for a second term and meet the requirements of the program as stated in Section 3."

030409. PROCESSING PAYMENTS

a. NAVCRUITCOM (N32) will:

(1) Review all LRP packages, update PRIDE record to reflect status of "Granted", and send email confirmation to those listed on the LRP Worksheet.

(2) Maintain a suspense file to maintain and track all application packages. If updated DD Form 2475s are not received after 60 days of the anniversary date, attempt to contact the service member.

(3) Forward NAVCRUITCOM payment authorization requests to DFAS for processing of payments.

(4) Serve as liaison between the service member and DFAS for loan repayment issues.

(5) Upon acceptance, provide a welcome aboard letter to the future Sailor that contains specific information regarding the program.

b. The Service Member must:

(1) Within 60 days of reservation date, complete DD Form 2475, Sections 1, 2, and 3 and forward to the lender(s) to complete Section 4. The

lender(s) will complete Section 4 and return to the service member to be incorporated into the final package submission. The service member must perform this same action no earlier than 90 days prior and no later than the service member's 1st, 2nd, and 3rd active duty date anniversaries.

c. The lender will be asked to:

(1) Complete DD Form 2475, section 4.

(2) Forward DD Form 2475 to the address stated on the form in Section 1, Block b. Also forward a copy of the promissory note.

d. Defense Finance Accounting System (DFAS), upon notification by the LRP Manager, will:

(1) Issue check(s) to the lender(s) within 60 days of receipt of NAVCRUITCOM authorization.

(2) Provide verification of disbursement to NAVCRUITCOM (N32).

(3) Notify the Internal revenue Service of the amount paid.

(4) Issue W-2s to service members for all loan types paid.

030410. INSTRUCTIONS FOR LOAN REPAYMENT PROGRAM WORKSHEET

a. Complete and forward the LRP program worksheet to NAVCRUITCOM (N32). The LRP worksheet is available as a PDF Fillable document on the NAVCRUITCOM Forms web page. Please include the following with the worksheet:

(1). Copy of the NAVCRUIT 1133/52 - Enlistment Guarantees/Annex A (LRP listed as an option).

(2). Copy of the NAVCRUIT 1133/75 -Loan Repayment Program Statement of Understanding.

(3). Copy of DD Form 2475 with section 4 completed by each lender.

(4). Copy of the promissory note on eligible loans.

(5). Copy of the signed PRIDE LRP text file.

Note 1: To determine if loan is federally guaranteed, call the lending institution. They can advise the applicant/Future Sailor on Block 4F of DD Form 2475.

Note 2: NAVCRUITCOM will use the lower of the original loan amount or current unpaid principle balance (at time of accession). To estimate the PRE-TAX annual payment divide total by three.

Note 3: New, completed DD Form 2475s must be received by NAVCRUITCOM (N32) on or near the recruit's anniversary date of active duty to remain qualified for repayment.