

Army National Guard Chaplain, Health Professional and Enlisted Loan Repayment Program (ARNG-CHELRP)

Frequently Asked Questions

Q1. How does the repayment cycle work and when will repayments on my loans begin?

Before repayments under can begin, State's CHELRP managers must receive:

1. Loan verification information from the Recruit (borrower) and
2. Current loan holders.

In order to obtain this information, Recruiters/MEPS Counselors will provide the new applicants with a packet that contains a DD Form 2475. This form must be filled out in part by the applicant and then by the loan holder. The loan holder(s) must then return the completed form to the new applicant. The Recruiter and/or MEPS Counselor assisting the applicant will forward the completed application to their respective State's CHELRP managers. Only after manager has received all completed forms and verified that the loan(s) qualify for the program, will authorization for repayment be given.

After the required paperwork has been received, and the loans have been verified as eligible for program, managers will enter the new applicant into iMARC.

The first payment is eligible after the first year of service and completion of IET. The Soldier is required to submit annual DD 2475's to program managers in order to trigger the anniversary payments.

It is always the responsibility of the Soldier to ensure that managers receive the completed DD Forms 2475 from all current loan holders on all eligible loans.

Q2. What loans qualify for repayment?

Loans which qualify include those which are made, insured, or guaranteed under Part B (Federal Family Education Loan Program); Part D (William D. Ford Direct Loan Program); or Part E (Federal Perkins Loans) of the Higher Education Act of 1965. These loans also must have been acquired prior to entry on active duty. The types of loans that qualify for the program are:

- (1) Stafford Loans, also known as Guaranteed Student Loans.
- (2) Federally Insured Student Loans.
- (3) Perkins Loan. (Formerly National Defense Student Loan/National Direct Student Loan (NDSL))
- (4) Auxiliary Loans to Assist Student (ALAS).
- (5) Supplemental Loans for Students (SLS).
- (6) SMART Loans
- (7) Health professions education loan made or insured under part A of title VII of the Public Health Service Act (42 U.S.C. 292 et seq.) or under part B of title VIII of such Act (42 U.S.C.297 et seq.)

(HPLRP Only)

(8) A loan made, insured, or guaranteed through a recognized financial or educational institution if loan was used to finance education of a basic professional qualifying degree, graduate education in a health profession or graduate education resulting in a Masters of Divinity Degree or equivalent (theological, chaplaincy, apologetics religious or related studies). They cannot be based on credit standing and/or funded thru private institutions. All degrees must be obtained from a theological seminary accredited by any of the National Faith-Related Accrediting Organizations as listed in the Council for Higher Education Accreditation (CHEA) Recognized Organizations' Directory, and that the Secretary of Defense determines to be critically needed in order to meet identified wartime combat skill shortages.

(HPLRP and CLRP Only) (If you are unsure about the loan "type" or name, please contact your lender for clarification on loan eligibility)

Q3. What are the names of nonqualifying loans?

Non-Eligible Loans are credit based. These are Signature, Private, Alternative, or whatever. If in doubt, call the lender and ask "Is this loan a Title IV loan?"

Q4. What are my responsibilities?

It is important to remember that the ARNG never assumes your loan(s) under this program. You always remain responsible for the status of your loan(s) and you must always keep your loan(s) in good standing. The ARNG will **NOT** pay on loans that are in default. You must ensure that CHELRP managers receive the completed DD Form 2475 with enclosures back from your loan holders so that repayment process can be initiated.

DD Form 2475 (Effective NOV2006) has 4 parts. Part 1 is to be filled out by the Soldier and signed by someone in the Soldier's chain of Command (Block 1 (b) (2)). The Soldier's address should be put in block 1(a). Part 2 is self explanatory. Part 3 is filled out by the Soldier. The Soldier should call the lender if there are any questions. Part 4 is filled out by the lender. The lender returns the form to the address listed in Part 1 Block 1 (a).

FORWARD completed DD 2475's and ask for email confirmation. Managers will match your Enlistment, the Statement of Understanding, the Promissory Notes with the applicants name as the borrower, and the previously completed DD 2475's before requesting a payment from DFAS Cleveland. If we don't have all these forms, we can't schedule a payment.

Q5. What is a loan deferment or forbearance and how do I obtain one?

In some cases a student loan deferment will stop interest from accruing (which the ARNG will not repay under CHELRP).

Forbearance will stop payments from coming due on a student loan; however interest will continue to accrue. As of 1 Jul 95, in accordance with the Federal Register (34 CFR 682.211 (h) (ii) (B), Mandatory Forbearances), loan holders are required to forbear any and all student loans that are on student loan repayment programs administered by the Department of Defense (U.S. Code Title 10, Section 2171).

It is, however, the borrower's responsibility to promptly contact the loan holder and apprise the agency of one's active duty status and officially initiate the request for forbearance. A deferment or forbearance will prevent a loan from going into a state of delinquency or default. If a loan holder is requiring the borrower to begin making repayments, then it is the borrower's responsibility to officially request either a deferment or forbearance.

Conditions under which a deferment or forbearance are obtained are handled exclusively between the borrower and the loan holder. It is always the borrower's responsibility to effect the official request and then to ensure that the deferment or forbearance has been obtained. Paperwork for deferment or forbearance must be obtained from the lender and the Recruit must ensure the paperwork is taken care of and is kept up-to-date.

The ARNG does not assume an individual's loan. The individual remains responsible for payment and the status of the loan. Public Law 99-145, Section 671(a)(1), precludes the authorization of payments toward interest. Likewise, reimbursement of payments already made is prohibited.

Q6. Is the Loan Repayment Program taxable?

Yes, payments are considered by the IRS as taxable income in the year they are paid. Service member whose lenders have received a payment will receive a W-2 from DFAS. It will not be identified on your regular base pay W-2. It is important that you file your income taxes with this W-2. Since payments are considered as income, this withholding will avoid you facing a large tax bill at the end of the year. In general you will receive a refund from the IRS.

For example, \$2,500 will be withheld from a \$10,000 payment. Potentially you could get all that money back from the IRS and make a payment on your student loans.

A separate Statement of Amount Paid (W-2) should be provided to an individual at tax year-end by Defense Finance and Accounting Services (DFAS) - Indianapolis Center. If the W-2 has not been received, please contact DFAS at 1-888-DFAS411, and clearly explain to them that you are missing a W-2 for the Loan Repayment Program.

Q7. Are defaulted loans eligible for payment under the Loan Repayment Program?

The ARNG will not repay loans or portions of loans in default, delinquent payments, interest, or associated charges.

Q8. What if I do not know where my loans are or who the current loan holder is?

The U.S. Department of Education can help you track your student loans as well as obtain copies of your promissory notes. You can reach them at this telephone number: 1 (800) 4-FED-AID at www.nslds.ed.gov

Q9. What else should I know as a Loan Repayment Program participant?

If a Soldier does not fulfill his/her enlistment obligation, by separating from the service early, then he/she will forfeit/ lose his/her eligibility. There are some exceptions to this early separation rule.

Q10. Whom do I contact if I have any questions about the Loan Repayment Program?

Address all questions to your respective State's CHELRP manager; you can find contact information via <https://www.virtualarmory.com/education/ArngPOC/Default.aspx>