

**CHAPTER 10
STUDENT LOAN AND COLLEGE SAVINGS
PROGRAMS**

Authority

N.J.S.A. 18A:71A-1 et seq., 18A:71B-35 through 46, 18A:71B-96,
18A:71C-1 through 31, and 20 U.S.C. §§ 1071 et seq.

Source and Effective Date

R.2003 d.465, effective November 3, 2003.
See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

Chapter Expiration Date

Chapter 10, Student Loan and College Savings Programs, expires on
November 3, 2008.

Chapter Historical Note

Subchapter 7, Policy Governing New Jersey Better Educational
Savings Trust (NJBEST) Program, was originally adopted as N.J.A.C.
9:9-8 by R.1998 d.4, effective January 5, 1998. See: 29 N.J.R. 4372(a),
30 N.J.R. 68(a).

Pursuant to Executive Order No. 66(1978), N.J.A.C. 9:9-8 was
readopted by R.1998 d.385, effective June 30, 1998, and was recodified
as N.J.A.C. 9A:10-7, Policy Governing New Jersey Better Educational
Savings Trust (NJBEST) Program, effective August 3, 1998. See: 30
N.J.R. 1707(a), 30 N.J.R. 2908(a).

Chapter 10, Student Loan and College Savings Programs, was adopted
as R.1998 d.385, effective August 3, 1998. See: 30 N.J.R. 1707(a), 30
N.J.R. 2908(a).

Subchapter 1, Roles and Relationship of NJHEAA and NJOSA, was
repealed and Subchapter 1, Federal Family Education Loan Program:
Policies and Procedures, was recodified from N.J.A.C. 9A:10-2 and
Subchapter 2, Federal Family Education Loan Program: Policies and
Procedures, was recodified as N.J.A.C. 9A:10-1 by R.2000 d.92,
effective March 6, 2000. See: 31 N.J.R. 3900(a), 32 N.J.R. 805(a).

Chapter 10, Student Loan and College Savings Programs, was
readopted as R.2003 d.465, effective November 3, 2003. See: Source
and Effective Date. See, also, section annotations.

Subchapter 2, Social Services Student Loan Redemption Program,
was adopted as new rules by R.2006 d.116, effective March 20, 2006.
See: 37 N.J.R. 4500(a), 38 N.J.R. 1453(a).

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SUBCHAPTER 1. FEDERAL FAMILY EDUCATION LOAN PROGRAM: POLICIES AND PROCEDURES

9A:10-1.1 Purpose

The purpose of this subchapter is to provide guidance on the implementation of the Federal Family Education Loan Program (FFELP) in New Jersey, and in particular, on policies and procedures that reflect areas where the Federal Higher Education Act of 1965, as amended, and its implementing regulations permit guaranty agency discretion, areas that comply with State law, areas that reflect guaranty agency specific policies that differ in some way from the Common Manual, a national compilation of uniform FFELP policies, and, finally, areas that address services and operations not described or defined in Federal law.

9A:10-1.2 Scope; Federal rules and statutes incorporated by reference

(a) The part of the United States Code known as Title 20, Chapter 28, Subchapter IV, Part B, 20 U.S.C. §§ 1071 et seq., including all subsequent amendments and supplements, is hereby adopted as rules and incorporated within this subchapter. The part of the Code of Federal Regulations known as 34 CFR 682.100 et seq., as well as other parts of the Code of Federal Regulations that govern the FFELP, including all subsequent amendments and supplements are hereby adopted as rules and incorporated within this subchapter.

(b) These rules provide both an outline for the implementation of the FFEL Program in this State and detailed guidance on the areas described in N.J.A.C. 9A:10-1.1. These rules do not attempt to reproduce in full the extensive body of Federal law and regulation governing the FFELP; however, they do attempt to be consistent with Federal law. If any part of these rules is inconsistent with or in conflict with Federal law, that part shall be preempted by

Federal law, but not affect the validity of the remaining parts of these rules.

Amended by R.2000 d.92, effective March 6, 2000.
See: 31 N.J.R. 3900(a), 32 N.J.R. 805(a).
In (b), changed N.J.A.C. reference.

9A:10-1.3 Definitions

(a) The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

“Authority” or “HESAA” means the Higher Education Student Assistance Authority, a State agency established whose purpose is the funding of access to postsecondary education, whether by loans, grants, scholarships or other means. The student assistance programs HESAA administers include the Federal Family Education Loan Program.

“Blanket Certificate of Loan Guaranty” means an insurance program agreement with the Secretary of the United States Department of Education under which the Authority may offer eligible lenders participating in the agency’s guaranty program a Blanket Certificate of Loan Guaranty that permits the lender to make FFELP loans without receiving prior approval from the Authority of individual loans.

“Cohort default rate” means the percentage of FFELP and Federal Direct Student Loan Program (FDSLPL) borrowers who default before the end of the Federal fiscal year following the Federal fiscal year in which they entered repayment on their loans. The United States Department of Education calculates this rate annually to determine the default experience of students who attended a particular school during a particular period of time.

“Commission” or “CHE” means the Commission on Higher Education, a State higher education policy-making agency presided over by a governing board, whose chairman is a member, ex officio, of the Authority. The Commission’s statutory responsibilities include final administrative decisions over institutional licensure and university status in this State.

“Common Manual: Unified Student Loan Policy” or “Common Manual” means a publication developed by guarantors in the FFELP that provides a detailed compilation of the policies adopted by guarantors participating in the FFELP, and is intended to be consistent with the Federal Higher Education Act of 1965, as amended, and its implementing regulations and subregulatory Federal guidance.

“CommonLine Network” or “NCHHELP CommonLine Network” means a standardized electronic exchange of data intended to simplify the guaranteeing of FFELP loans. Participation in the CommonLine Network allows schools to transmit and receive certification and guarantee data in common file formats, which in turn allows application processing for multiple guarantors through a single school-based software package.

(d) While an applicant may change employment in a qualified position or to another qualified facility or agency, he or she must be continuously employed as a full-time direct care professional by a qualified facility or agency to remain on the waiting list.

(e) When an eligible applicant on the waiting list is notified of his or her potential eligibility for program participation, the applicant shall submit certification of continuous full-time employment as a direct care professional by a qualified facility or agency to the Director of Financial Aid Services.

9A:10-2.12 Appeals process

(a) When an applicant has received a notification of ineligibility for program participation, he or she may submit a written appeal to the Director of Legal and Governmental Affairs within 30 days of the date of the notification. The written appeal must include the following:

1. A copy of the notification of ineligibility received by the applicant from the Authority; and
2. The reason(s) why the applicant feels he or she is eligible to participate in the program along with any documentation which the applicant has obtained to support the appeal, if applicable.

(b) The applicant will receive a written response from the Director of Legal and Governmental Affairs concerning the determination of his or her eligibility for program participation within 30 days of the receipt of the appeal.

9A:10-2.13 Program evaluation

(a) The Authority shall annually submit a program report to the Governor and the Chairs of the Senate Budget and Appropriations, Assembly Appropriations, Senate Health, Human Services and Senior Citizens, and Assembly Health and Human Services committees, or their successor committees. The report shall be submitted no later than August 1 of each year and shall include, but not be limited to, the following information for the prior fiscal year:

1. The total number of participants receiving loan redemption under the program;
2. The approved course of study of each of the participants; and
3. The total number of participants who withdrew from the program and failed to complete the program's employment requirement.

9A:10-2.14 Reversion of participant's encumbered funds

(a) In the event that any or all loan redemption funds encumbered for a program participant are not redeemed due to the termination of the participant's employment service obligation by the Authority or cancellation of the redemption contract by the participant, such funds will revert to the

program fund and be available to enroll other eligible applicants.

(b) All unexpended program funds will carry over to the next fiscal year.

(c) The Higher Education Student Assistance Authority shall maintain the program fund containing State appropriations and carry-overs from the prior fiscal year.

SUBCHAPTERS 3. THROUGH 5. (RESERVED)

SUBCHAPTER 6. THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM: POLICIES AND PROCEDURES

9A:10-6.1 Purpose

The purpose of this subchapter is to provide guidance on the implementation of the New Jersey College Loans to Assist State Students (NJCLASS) Program, a State student loan program intended to supplement the subsidized Federal Stafford Loan Program and make State sponsored student loans available to students who cannot obtain Federally backed student loans, either because those loans are not available, because the student does not meet the program eligibility requirements as defined by the Federal government, or because the student has additional financial need unmet by Federally backed student loans. In the NJCLASS Program, the Authority issues bonds, notes, or another form of debt instrument, and with the proceeds of that issuance, funds student loans and either directly or through an agent serves as lender and servicer of the loans. Because funding for the NJCLASS Program is not backed by a Federal guarantee, funding sources are safeguarded by requiring as key elements of borrower eligibility for this State program that the borrower either be creditworthy or not have adverse credit.

9A:10-6.2 Scope

These rules provide the policies and procedures that govern the NJCLASS Program, a State student loan program administered by the Higher Education Student Assistance Authority (HESAA). The Authority also publishes an NJCLASS policies and procedures manual for participating schools, which provides detailed guidance on the operation of the NJCLASS Program.

Amended by R.2000 d.447, effective November 6, 2000.

See: 32 N.J.R. 2192(a), 32 N.J.R. 3987(a).

Substituted "Higher Education Student Assistance Authority (HESAA)" for "New Jersey Office of Student Assistance (NJOSA) and established under the Authority" in the first sentence.

9A:10-6.3 Definitions

(a) The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise: