

## 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 18A:71C-49; P.L. 2009, c. 236; and 20 U.S.C. §§1071 et seq.

## Source and Effective Date

R.2009 d.180, effective May 1, 2009.  
See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

## Chapter Expiration Date

Chapter 10, Student Loan and College Savings Programs, expires on May 1, 2014.

## 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).

Chapter 10, Student Loan and College Savings Programs, was adopted as new rules by R.1998 d.385, effective August 3, 1998. As a part of R.1998 d.385, pursuant to Executive Order No. 66(1978), N.J.A.C. 9:9-8 was readopted, effective June 30, 1998, and 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).

Subchapter 1, Roles and Relationship of NJHEAA and NJOSA, was repealed and Subchapter 1, Federal Family Education Loan Program: Policies and Procedures, was recodified from N.J.A.C. 9A:10-2 and Subchapter 2, Federal Family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: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

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).

Subchapter 3, OB/GYN Student Loan Expense Reimbursement Program, was adopted as new rules by R.2006 d.251, effective July 3, 2006. See: 38 N.J.R. 1368(a), 38 N.J.R. 2801(a).

Chapter 10, Student Loan and College Savings Programs, was readopted as R.2009 d.180, effective May 1, 2009. See: Source and Effective Date. See, also, section annotations.

Subchapter 4, Nursing Faculty Loan Redemption Program, was adopted as new rules by R.2011 d.011, effective January 3, 2011. See: 42 N.J.R. 1950(a), 43 N.J.R. 40(a).

## CHAPTER TABLE OF CONTENTS

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

- 9A:10-1.1 Purpose
- 9A:10-1.2 Scope; Federal rules and statutes incorporated by reference
- 9A:10-1.3 Definitions
- 9A:10-1.4 Role of the Authority as guaranty agency
- 9A:10-1.5 Authority as lender and secondary market

- 9A:10-1.6 Types of FFELP loans
- 9A:10-1.7 Lender participation and lender of last resort
- 9A:10-1.8 School participation
- 9A:10-1.9 Borrower eligibility and loan certification
- 9A:10-1.10 Permissible charges by lenders to borrowers
- 9A:10-1.11 Guarantee and disbursement
- 9A:10-1.12 Loan servicing
- 9A:10-1.13 Delinquency and default prevention
- 9A:10-1.14 Default consequences and collection policies and procedures
- 9A:10-1.15 Beyond default: rehabilitation and reinstatement
- 9A:10-1.16 Loan transfer, refinance, and consolidation
- 9A:10-1.17 School and lender training and other services
- 9A:10-1.18 Authority guaranty agency enforcement requirements: program reviews

## SUBCHAPTER 2. SOCIAL SERVICES STUDENT LOAN REDEMPTION PROGRAM

- 9A:10-2.1 Purpose and scope
- 9A:10-2.2 Definitions
- 9A:10-2.3 Listings of qualified facilities and filling qualified positions
- 9A:10-2.4 Eligibility requirements for program participation
- 9A:10-2.5 Application procedures
- 9A:10-2.6 Terms for loan redemption
- 9A:10-2.7 Exclusion from New Jersey gross income for tax purposes
- 9A:10-2.8 Termination or suspension of the participant's employment service obligation and cancellation of the loan redemption contract by the Authority
- 9A:10-2.9 Cancellation of the loan redemption contract by the program participant
- 9A:10-2.10 Allocation of funds for redemption of loans for an approved course of study
- 9A:10-2.11 Waiting list for eligible applicants if program funds are exhausted
- 9A:10-2.12 Appeals process
- 9A:10-2.13 Program evaluation
- 9A:10-2.14 Reversion of participant's encumbered funds

## SUBCHAPTER 3. OB/GYN STUDENT LOAN EXPENSE REIMBURSEMENT PROGRAM

- 9A:10-3.1 Purpose and scope
- 9A:10-3.2 Definitions
- 9A:10-3.3 Listings of qualified obstetrician/gynecologists and State-designated underserved areas
- 9A:10-3.4 Eligibility requirements for program participation
- 9A:10-3.5 Application procedures
- 9A:10-3.6 Terms for loan reimbursement
- 9A:10-3.7 Termination or suspension of the participant's employment service obligation and repayment of the student loan expense reimbursement
- 9A:10-3.8 Cancellation of the loan reimbursement contract by the program participant
- 9A:10-3.9 Appeals process

## SUBCHAPTER 4. NURSING FACULTY LOAN REDEMPTION PROGRAM

- 9A:10-4.1 Purpose and scope
- 9A:10-4.2 Definitions
- 9A:10-4.3 Eligibility requirements for program participation
- 9A:10-4.4 Application procedures
- 9A:10-4.5 Terms for loan redemption
- 9A:10-4.6 Termination or suspension of the participant's employment service obligation and cancellation of the loan redemption contract by the Authority
- 9A:10-4.7 Cancellation of the loan redemption contract by the program participant
- 9A:10-4.8 Waiting list for eligible applicants if program funds are exhausted

- 9A:10-4.9 Appeals process
- 9A:10-4.10 Program evaluation
- 9A:10-4.11 Reversion of participant's encumbered funds

#### SUBCHAPTER 5. (RESERVED)

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

- 9A:10-6.1 Purpose
- 9A:10-6.2 Scope
- 9A:10-6.3 Definitions
- 9A:10-6.4 Eligibility for NJCLASS Loan, NJCLASS Variable Rate Loan, NJCLASS Graduate/Professional Students Loan, NJCLASS Postgraduate Loan, and MedNJ
- 9A:10-6.5 NJCLASS creditworthiness
- 9A:10-6.6 Loan amounts
- 9A:10-6.7 Application procedures, disbursement, and students who transfer
- 9A:10-6.8 Fees
- 9A:10-6.9 Interest
- 9A:10-6.10 Late charge
- 9A:10-6.11 Repayment of loan
- 9A:10-6.12 Deferrals and forbearance
- 9A:10-6.13 Consolidation Loan Program
- 9A:10-6.14 Delinquency
- 9A:10-6.15 Credit bureau reporting
- 9A:10-6.16 Default and consequences of default
- 9A:10-6.17 Discharge
- 9A:10-6.18 Rehabilitation
- 9A:10-6.19 Authority enforcement requirements for schools participating in the NJCLASS Program

#### SUBCHAPTER 7. POLICY GOVERNING NEW JERSEY BETTER EDUCATIONAL SAVINGS TRUST (NJBEST) PROGRAM

- 9A:10-7.1 Purpose
- 9A:10-7.2 Scope
- 9A:10-7.3 Definitions
- 9A:10-7.4 Procedure for opening an account
- 9A:10-7.5 Contributions
- 9A:10-7.6 Cancellations and withdrawals
- 9A:10-7.7 Procedures for changes in designated beneficiary in the New Jersey Better Educational Savings Trust (NJBEST) Program
- 9A:10-7.8 Rollover to a different qualified tuition program for the benefit of the same designated beneficiary or a new designated beneficiary
- 9A:10-7.9 Limitation on rollover to a qualified tuition program other than NJBEST
- 9A:10-7.10 Rollover to an alternative investment strategy within NJBEST
- 9A:10-7.11 Limitation on rollover within NJBEST
- 9A:10-7.12 Fees and charges
- 9A:10-7.13 Statements, reports on distributions, information returns
- 9A:10-7.14 Exclusion from New Jersey gross income
- 9A:10-7.15 Eligibility for NJBEST scholarship
- 9A:10-7.16 Amount excluded from State need-based financial aid eligibility
- 9A:10-7.17 Statement on contracts and applications
- 9A:10-7.18 Selection of investment manager
- 9A:10-7.19 Investment by private entity
- 9A:10-7.20 Certain limitations
- 9A:10-7.21 Assurance of the availability of principal

#### 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 authority, 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.