

SUBCHAPTER 7. POLICY GOVERNING NEW
JERSEY COLLEGE LOANS TO ASSIST
STATE STUDENTS (NJCLASS) PROGRAM

9:9-7.1 Definitions

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

“Adjusted gross income” means total family income reported for Federal income tax purposes.

“Authority” means New Jersey Higher Education Assistance Authority.

“Co-signer” means an individual who signs a promissory note and agrees to repay the loan in the event the borrower does not.

“Eligible collegiate institution” or “school” or “college” means a college or university approved or licensed by the New Jersey Commission on Higher Education or accredited by a regional accrediting association recognized by the Commission on Recognition of Postsecondary Accreditation and having a New Jersey cohort default rate of 20 percent or less.

“In-school period” means the period in which a student is enrolled at an eligible school on at least a half-time basis as certified by the school.

“Lender” means New Jersey Higher Education Assistance Authority or its agent for the purposes of this program.

“Parent borrower” means a parent(s), spouse, legal guardian or other relative of a dependent undergraduate or graduate student.

“Reaffirmation” means the acknowledgment of the loan by the borrower or co-signer in a legally binding manner.

“Student borrower” means an undergraduate or graduate student.

“NJCLASS” means the New Jersey College Loans to Assist State Students Loan Programs.

(b) Terms not defined in this section shall be defined in accordance with 34 CFR § 682.200, including all subsequent amendments and supplements thereto.

Amended by R.1994 d.617, effective December 19, 1994.
See: 26 N.J.R. 3242(a), 26 N.J.R. 5012(a).

9:9-7.2 Eligibility

(a) To be eligible for a NJCLASS loan, each applicant must:

1. Be a citizen, national or legal resident of the United States or be in the U.S. for other than temporary purposes and intend to become a permanent resident (as evidenced by Immigration and Naturalization Service documentation);
2. Be a permanent resident of New Jersey for at least six months prior to filing a NJCLASS application;
3. Not be in default on any student loan or in violation of any of the other criteria for determining creditworthiness as set forth in the NJCLASS application;
4. Provide an acceptable co-signer if it is determined by the Authority that one is required; and
5. Reaffirm any Federal Family Education Loan amount or any NJCLASS loan amount that previously was cancelled due to the applicant's total and permanent disability and obtain a certification from a physician that the applicant's condition has improved and that the applicant is able to engage in substantial gainful activity. If the applicant is not the student, the student on whose behalf another borrower is applying for a NJCLASS loan must reaffirm any Federal Family Education Loan amount or any NJCLASS loan amount that previously was cancelled due to the student's total and permanent disability and obtain a certification from a physician that the student's condition has improved and that the student is able to engage in substantial gainful activity.

(b) In addition to all of the requirements in (a) above, a student applicant or a student on whose behalf the parent and/or borrower is applying for a NJCLASS loan shall:

1. Be a citizen, national or legal resident of the United States or be in the U.S. for other than temporary purposes and intend to become a permanent resident (as evidenced by Immigration and Naturalization Service documentation);
2. Have a high school diploma or a high school equivalency certificate;
3. Be enrolled or accepted for enrollment on at least a part-time basis in an eligible school;
4. If currently enrolled in an eligible school, be determined by the school to be making satisfactory academic progress; and
5. Have exhausted eligibility for or be ineligible for Federal Family Education Loans, and other forms of student assistance, excluding PLUS loans or student assistance under subpart I or part C of title VII of the Public Health Service Act.

Amended by R.1992 d.293, effective July 20, 1992.
See: 24 N.J.R. 1675(b), 24 N.J.R. 2626(a).

Revised (a)1.
Amended by R.1993 d.441, effective September 7, 1993.
See: 25 N.J.R. 2187(a), 25 N.J.R. 4079(a).
Amended by R.1994 d.617, effective December 19, 1994.
See: 26 N.J.R. 3242(a), 26 N.J.R. 5012(a).

9:9-7.3 Loan amounts

(a) The amount borrowed shall not exceed a student's estimated cost of attendance at the eligible school minus all other financial assistance for which the student is eligible (excluding PLUS loans or student assistance under subpart I or part C of title VII of the Public Health Service Act) for the academic period for which the loan is intended.

(b) The minimum amount which may be borrowed is \$500.00.

Amended by R.1992 d.293, effective July 20, 1992.
See: 24 N.J.R. 1675(b), 24 N.J.R. 2626(a).

Revised (a)-(b).
Amended by R.1993 d.441, effective September 7, 1993.
See: 25 N.J.R. 2187(a), 25 N.J.R. 4079(a).
Amended by R.1994 d.617, effective December 19, 1994.
See: 26 N.J.R. 3242(a), 26 N.J.R. 5012(a).

9:9-7.4 Application procedure

(a) An applicant for a NJCLASS loan shall:

1. Complete the NJCLASS application and credit application. All parts of the application and credit application must be completed regardless of the applicant's age or marital status;

2. Submit the completed application to the eligible school the student attends or plans to attend for certification of enrollment and completion of the school section; and

3. Forward the application materials or request the school to forward these materials to the lender.

(b) Lender will process the application and the borrower and school will be notified of lender approval or disapproval.

(c) Lender will disburse loan funds to parent and/or borrowers in one disbursement. Funds to a student borrower will be made jointly payable to the student and the eligible school, mailed directly to the school and may be multiply disbursed.

Amended by R.1993 d.441, effective September 7, 1993.
See: 25 N.J.R. 2187(a), 25 N.J.R. 4079(a).

9:9-7.5 Fees

(a) A recipient of a NJCLASS loan shall be required to pay an application and administrative fee to the New Jersey Higher Education Assistance Authority which combined will not exceed five percent of the total approved loan amount.

1. These fees shall be deducted from the loan proceeds.

2. For multiple disbursed loans, these fees will be deducted in equal installments, from each loan disbursement.

Amended by R.1993 d.441, effective September 7, 1993.
See: 25 N.J.R. 2187(a), 25 N.J.R. 4079(a).

9:9-7.6 Interest

(a) The NJCLASS loan shall have a daily fixed simple annual interest rate. The NJCLASS interest rate will be a pass through rate of the bond interest rate, associated costs of sale, and such other costs which may be required, and/or determined as the bonds are issued. The interest rate will be published in the New Jersey Register after each bond issue.

(b) Interest on a NJCLASS loan shall begin to accrue at the time of the first loan disbursement.

(c) Borrower payment of interest is required to be paid no more frequently than quarterly during the student's in-school period.

Amended by R.1992 d.436, effective November 2, 1992.
See: 24 N.J.R. 2687(b), 24 N.J.R. 4035(b).

Revised (a).
Amended by R.1993 d.441, effective September 7, 1993.
See: 25 N.J.R. 2187(a), 25 N.J.R. 4079(a).

9:9-7.7 Repayment of loan

(a) Lender shall provide borrower with a completed repayment Disclosure Statement detailing due dates of required payments at the time of the first loan disbursement.

(b) Payment of the interest to lender during the in-school period on a NJCLASS loan must begin within 60 days after the loan is disbursed, unless the borrower chooses the option of capitalizing interest during the in-school period.

(c) Borrowers who choose to capitalize interest during the in-school period shall, in exchange for this option, be required to pay an increased loan interest rate, as established by the Authority pursuant to N.J.A.C. 9:9-7.6(a), over the regular program interest rate in effect at the time of borrowing.

(d) Payment of principal and interest shall begin within 60 days of a student's less than half-time enrollment, withdrawal or graduation at eligible institution.

(e) The minimum acceptable monthly payment for all NJCLASS loans shall be \$50.00.

(f) Notwithstanding any periods of deferment and/or forbearance, a NJCLASS loan shall be paid in full no later than 15 years from the first date of loan disbursement.