

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

N.J.S.A. 18A:72-10 and 18A:72-47.

Source and Effective Date

R.1998 d.385, effective August 3, 1998.
See: 30 N.J.R. 1707(a), 30 N.J.R. 2908(a).

Executive Order No. 66(1978) Expiration Date

Chapter 10, Student Loan and College Savings Programs, expires on June 30, 2003.

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 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

SUBCHAPTERS 2 THROUGH 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, and NJCLASS Postgraduate Loan
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	Deferments and forbearance
9A:10-6.13	Consolidation
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

SUBCHAPTER 1. FEDERAL FAMILY EDUCATION LOAN PROGRAM: POLICIES AND PROCEDURES**Subchapter Historical Note**

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 by R.2000 d.92, effective March 6, 2000. See: 31 N.J.R. 3900(a), 32 N.J.R. 805(a).

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 administrators 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” 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.

“Consolidation loan” means a new loan that discharges a previous loan or loans. Loan consolidation enables a borrower with several loans to obtain one loan with one repayment schedule, and with the exception of Health Education Assistance Loan (HEAL) Program loans consolidated, one interest rate.

“Default” means the failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the United States Secretary of the Department of Education or the guaranty agency finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 270 days for a loan repayable in monthly installments; or 330 days for a loan repayable in less frequent installments.

“Default aversion assistance” means the activities of a guaranty agency that are designed to prevent a default by a borrower who is at least 60 days delinquent and that are directly related to providing collection assistance to the lender. This assistance is available on or after the October 7, 1998 effective date of the 1998 amendments to the Higher Education Act of 1965, as amended.

“Delinquency” means the failure of the borrower to make a payment when due. Delinquency begins the day after a payment is due and continues for a period up until the loan status meets the definition of default.