

country with a three year average cohort default rate of 10 percent or less;

3. Not owe a grant refund, be in default on a student loan, have a student loan written off as uncollectible, or have adverse credit as outlined in N.J.A.C. 9A:10-6.5(d);

4. Be a graduate or professional student enrolled or accepted in a graduate or professional program as certified by an eligible institution for purposes of this program; and

5. If currently enrolled in an eligible institution for purposes of this program, be making satisfactory academic progress.

(d) To be eligible for an NJCLASS Postgraduate loan for student borrowers, each student must satisfy the requirements of (b)1, 3 and 7 above as well as the following:

1. Be a permanent resident of New Jersey prior to filing an application; however, residency is not required if enrolled in an eligible institution for purposes of this program that is located in New Jersey, meaning that either the institution maintains a campus or the place of instruction is located in New Jersey. An eligible institution is an American Bar Association approved law school, a graduate medical school accredited by the Liaison Committee on Medical Education, the American Osteopathic Association, or the U.S. Department of Education's National Committee on Foreign Medical Education and Accreditation (NCFMEA), or a graduate dental school accredited by either the American Dental Association or the Commission on Dental Accreditation of Canada;

2. Be enrolled in the final year at an eligible institution, be making satisfactory academic progress, and expect to be awarded a J.D., M.D., D.O., D.D.S. or D.M.D. degree during the current academic year;

3. Not owe a grant refund, be in default on a student loan, have a student loan written off as uncollectible, or have adverse credit as outlined in N.J.A.C. 9A:10-6.5(d); and

4. School certification of the NJCLASS application no earlier than one year prior to the student's anticipated graduation date and no later than the student's actual graduation date.

(e) To be eligible for a MedNJ loan, each student must satisfy the requirements of (b)1, 2, 3, 6 and 7, and (c)3 and 5 above as well as the following:

1. Be enrolled or accepted for enrollment on at least a half-time basis in an MD, DO, DDS or DMD program at an eligible institution. An eligible institution for MedNJ is a graduate medical school accredited by the Liaison Committee on Medical Education, the American Osteopathic Association, or the U.S. Department of Education's National Committee on Foreign Medical Education and Accreditation (NCFMEA), or a graduate dental school

accredited by either the American Dental Association or the Commission on Dental Accreditation of Canada.

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

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

In (a), added 4; rewrote (b) and (c); added (d).

Amended by R.2002 d.288 and d.291, effective September 3, 2002.

See: 33 N.J.R. 4050(a), 34 N.J.R. 1399(a), 34 N.J.R. 3084(a), 34 N.J.R. 3085(a).

Rewrote the section.

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

Deleted "have a student loan discharged in default" throughout.

Amended by R.2006 d.403, effective November 20, 2006.

See: 38 N.J.R. 2967(a), 38 N.J.R. 4865(b).

Section was "Eligibility for NJCLASS Loan, NJCLASS Variable Rate Loan, and NJCLASS Postgraduate Loan". In (a)1 and (b)1, substituted "United States" for "U.S." and "United States Citizenship and Immigration Services, or its successor agency," for "Immigration and Naturalization Service"; rewrote (a)4; and in the introductory paragraph of (c), inserted "or an NJCLASS Graduate/Professional Students loan for student borrowers,".

Amended by R.2009 d.180, effective June 1, 2009.

See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

In (d)3, inserted "and" at the end; deleted former (d)4; and recodified former (d)5 as (d)4.

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

Section was "Eligibility for NJCLASS Loan, NJCLASS Variable Rate Loan, NJCLASS Graduate/Professional Students Loan, and NJCLASS Postgraduate Loan". Added (e).

#### 9A:10-6.5 NJCLASS creditworthiness

(a) To be approved for an NJCLASS loan, a borrower must be determined creditworthy by the Authority.

(b) The Authority may require that borrowers submit to the Authority information that includes the most recent signed Federal Income Tax Return, including all schedules, and current pay stub. For joint filers, this documentation may include the current pay stub of both filers.

(c) To be approved for a fixed rate NJCLASS loan, a creditworthy borrower or cosigner must have an annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services.

(d) A borrower with one or more of the items listed below in his or her credit history may be denied an NJCLASS loan for not being creditworthy. These items include delinquent accounts, paid and unpaid collection accounts, paid and unpaid charged off accounts, foreclosure, repossession, bankruptcy, or a paid or unpaid judgment. However, a borrower in the NJCLASS fixed rate program may be eligible if the borrower is able to secure a creditworthy cosigner.

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

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

In (b), inserted "including all schedules, and" following "Federal Income Tax Return" and deleted "and most recent W-2 Form" following "current pay stub" in the first sentence; deleted "and most recent W-2 Form" preceding "of both files" in the second sentence; in (c), inserted "or a delinquent NJCLASS loan" at the end of the second sentence.

Amended by R.2002 d.288, effective September 3, 2002.

See: 33 N.J.R. 4050(a), 34 N.J.R. 3085(a).

Rewrote (b); inserted a new (c); recodified former (c) as (d); deleted former (d) and (e).

Amended by R.2009 d.180, effective June 1, 2009.

See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

In (c), inserted "annual"; and in (d), inserted "or" following "bankruptcy," and deleted ", or a monthly total debt to monthly adjusted gross income ratio, which exceeds 40 percent" following "judgment".

### 9A:10-6.6 Loan amounts

(a) If the NJCLASS loan is financed in whole or in part by qualified student loan bonds, as described in section 144(b) of the Federal Internal Revenue Code of 1986, as amended, 26 U.S.C. §144(b), the amount borrowed shall not exceed a student's estimated cost of attendance at the eligible institution minus all other financial assistance for which the student is eligible (excluding any financial assistance which would not cause the bonds to fail to qualify under section 144(b) of the Federal Internal Revenue Code) for the academic period for which the loan is intended. This means that an eligible institution shall determine a student borrower's loan amount eligibility for Federal Direct Stafford loans prior to determining a student borrower's loan amount eligibility for an NJCLASS loan. This eligibility determination excludes eligibility for Federal Direct PLUS loans.

(b) If the NJCLASS loan is not financed in whole or in part by qualified student loan bonds, the amount borrowed may not exceed a student's estimated cost of attendance at the eligible institution minus all other financial assistance for which the student is eligible for the academic period for which the loan is intended. This means that an eligible institution shall determine a student borrower's loan amount eligibility for Federal Direct Stafford loans prior to determining a student borrower's loan amount eligibility for an NJCLASS loan. This eligibility determination excludes eligibility for Federal Direct PLUS loans.

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

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

Rewrote (a); inserted a new (b); and recodified former (b) as (c).

Amended by R.2002 d.288, effective September 3, 2002.

See: 33 N.J.R. 4050(a), 34 N.J.R. 3085(a).

In (b), deleted ", and the maximum loan amount permitted in the NJCLASS Loan Application and Promissory Note booklet" at the end.

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

In (a), deleted ", and Health Education Assistance" in the third sentence.

Amended by R.2009 d.180, effective June 1, 2009.

See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

In (a), inserted "of 1986", substituted "§144(b)" for "§ 144(b)", and inserted "Federal" preceding the first occurrence of "Stafford"; and rewrote (b).

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

In (a) and (b), deleted "Federal Stafford loans or" preceding "Federal Direct Stafford" and "Federal PLUS and" preceding "Federal Direct PLUS"; and deleted (c).

### 9A:10-6.7 Application procedures, disbursement, and students who transfer

(a) To borrow under the NJCLASS Program, the process shall be as follows:

1. The applicant shall review the NJCLASS Application Disclosure form and complete the NJCLASS application, promissory note and self-certification form, if required. All parts of the application, promissory note and self-certification, if required by Federal law, including all related documentation, must be completed and all requested documentation must be submitted to the Authority; and

2. The Authority shall notify the eligible institution the student attends or plans to attend that the student qualifies for a loan pending certification and request the school to certify the student's eligibility for an NJCLASS loan.

(b) The Authority shall process the application and upon approval will provide the applicant(s) an NJCLASS loan offer. The borrower will have 30 days to accept the loan. Borrowers will not receive a loan unless they accept the offer.

(c) The Authority shall provide applicants an NJCLASS Pre-Disbursement Disclosure, or other disclosures as required by Federal law.

(d) The method of disbursement is determined by an eligible institution. Loan proceeds may be disbursed by individual check, master check, or by electronic means such as Electronic Funds Transfer (EFT). Funds disbursed by individual check to a student borrower shall be made jointly payable to the student and the eligible institution, sent directly to the school and may be multiply disbursed. Funds disbursed by individual check to a parent borrower shall be made payable to the parent borrower and may be multiply disbursed. If the Authority issues an individual NJCLASS loan check, and the student is enrolled in a study-abroad program approved for credit and if the student requests, the loan check may be made payable to the student only.

(e) An NJCLASS loan may be used only to cover the educational costs of attendance at the school that completes the school certification form providing school data. NJCLASS Postgraduate loans may be used to cover the educational expenses incident to the educational costs of attendance at the school that completes the school certification form providing school data. The school must return to the Authority any refund of NJCLASS proceeds resulting from a student's withdrawal, after satisfying any outstanding accounts receivable. If a student transfers between schools at any time, neither the student nor the parent borrower are eligible to receive proceeds from an application and promissory note for which the school certification form was completed by the previous school. If a student transfers from one school to another before a loan is fully disbursed, the student or parent borrower is not eligible for any remaining disbursements of that loan, and the student or parent borrower must notify the Authority to cancel the loan or the balance of any undisbursed portion of the loan. The student or parent borrower may submit a second application and promissory note with new cost of attendance and estimated financial assistance figures certified by the new school.

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

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

In (a)3, substituted "institution" for "school" preceding "the student attends"; in (c), substituted "institution" for "school" preceding ", sent directly to the school"; in (d), added the second sentence.

Amended by R.2002 d.288, effective September 3, 2002.

See: 33 N.J.R. 4050(a), 34 N.J.R. 3085(a).

In (a)1, substituted "and all requested documentation must be submitted to the Authority; and" for "regardless of the applicant's age or marital status"; deleted (a)2 and recodified former (a)3 as (a)2; rewrote (c).

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

Rewrote (a)2; in (b), substituted "applicant" for "borrower".

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

Rewrote (a)1 and (b); added new (c); recodified former (c) and (d) as (d) and (e); and in (e), inserted the third sentence.

### 9A:10-6.8 Fees

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

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

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

(b) A recipient of an NJCLASS loan may be required to pay an administrative fee for servicing of the NJCLASS loan if provided by the promissory note.

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

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

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

Added (b).

### 9A:10-6.9 Interest

(a) The NJCLASS loan shall have a daily fixed simple annual interest rate, a variable interest rate, or another type of interest rate, as determined by the bonds or notes whose proceeds are funding the loan or by the NJCLASS Application and Promissory Note if the loan is funded through other means. For NJCLASS loans funded through bonds, the NJCLASS interest rate will be a pass through rate of the bond interest rate, associated costs of sale, and such other costs or reserves which may be required, and/or determined as the bonds are issued.

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

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

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

Rewrote (a).

### 9A:10-6.10 Late charge

The Authority may collect a late charge from the borrower if the borrower fails to pay all or part of the required payment of an NJCLASS loan within 10 days of the date the payment

is due. The late charge may not exceed six percent of each late payment.

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

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

### 9A:10-6.11 Repayment of loan

(a) The Authority shall provide the borrower and cosigner, if any, with a Pre-Disbursement Disclosure Statement detailing due dates of required payments at least three days prior to the first loan disbursement.

(b) Borrowers shall indicate preferred repayment options on the NJCLASS loan application. The Authority shall make best efforts to offer borrowers the repayment option selected. Should a borrower fail to indicate a preferred repayment option on both the NJCLASS Loan Application and Promissory Note, the Authority shall notify the borrower to select an option, and not process the application until the borrower has made the selection. There are three repayment options for an NJCLASS loan, as follows:

1. Borrowers begin to pay the principal and interest of the loan on a monthly basis. The first payment of principal and interest is due within 60 days after the loan is first disbursed;

2. Borrowers begin to pay interest on the loan, but are not required to pay principal until graduation, withdrawal or notification of less than half-time enrollment of the student on whose behalf the loan was obtained; or

3. Borrowers are not required to pay principal or interest until graduation, withdrawal or notification of less than half-time enrollment of the student on whose behalf the loan was obtained. Once one of these circumstances occurs, the loan reverts to a repayment schedule as set forth in (b)1 above. However, interest accrued from the date of loan disbursement is deferred and capitalized (added to principal) on a quarterly basis for loans originated before June 9, 1997, and on an annual basis for loans originated on or after June 9, 1997. The first monthly payment of principal and interest shall be required within 60 days after the reversion date. In exchange for the option of deferring both principal and interest, borrowers in the repayment schedule set forth in this paragraph are required to pay an increased interest rate, as established by the Authority pursuant to N.J.A.C. 9A:10-6.9(a), over the regular program interest rate in effect at the time of borrowing. The increased interest rate applies only to NJCLASS fixed rate loans and the NJCLASS Graduate/Professional Students loan, not NJCLASS variable interest rate loans.

(c) In the case of a 10-year NJCLASS loan, borrowers begin to pay the principal and interest of the loan on a monthly basis. The first payment of principal and interest is due within 60 days after the loan is first disbursed.

(d) In the case of an NJCLASS Postgraduate loan, borrowers may pay, but are not required to pay, principal or

interest until the end of the deferment period. After the end of the deferment period, the loan reverts to a repayment schedule as set forth in (b)1 above. Interest accrued from the date of loan disbursement is deferred and capitalized on an annual basis and at the end of the deferment period. The deferment period for an NJCLASS Postgraduate loan means the period beginning on the initial disbursement date and ending on:

1. If the NJCLASS loan is for medical or dental residency travel and relocation expenses, the date that is nine months after the date of graduation, withdrawal or notification of less than half-time enrollment at the eligible institution named in the NJCLASS Application and Promissory Note unless on such date the borrower is participating in a required residency or postdoctoral program, in which event the deferment period will end on the date that is nine months after the date the borrower completes or otherwise ceases to participate in such program. In no event shall the deferment period end later than 57 months after the date the borrower graduates from medical school or 33 months after the date the borrower graduates from dental school. To be considered participating in a required residency or postdoctoral program during any one-year period requires that the borrower submit to the Authority a certification from the director of such program for such year; or

2. If the NJCLASS loan is for bar examination expenses, the date is nine months after the eligible institution indicated to be the borrower's anticipated or actual graduation date on the NJCLASS application.

(e) In the case of MedNJ loans borrowers may pay, but are not required to pay, principal or interest until the end of the deferment period. After the end of the deferment period, the loan reverts to a repayment schedule as set forth in (b)1 above. Interest accrued from the date of loan disbursement is deferred and capitalized at graduation or withdrawal and at the end of the residency deferment period. The residency deferment period for an MedNJ loan means the period beginning upon graduation from an eligible institution and ending up to three years after graduation if a borrower is completing a required eligible residency program.

(f) For loans made after August 3, 1998, the minimum acceptable monthly payment shall be the amount required to fully repay an NJCLASS loan in the maximum repayment period; however, the minimum acceptable monthly payment of principal and interest shall not be less than \$50.00 per borrower for all of that borrower's NJCLASS loans.

(g) Notwithstanding any periods of deferment and/or forbearance, an NJCLASS loan disbursed prior to June 1, 2006 shall be paid in full no later than 15 years from the first date of loan disbursement, an NJCLASS loan disbursed on or after June 1, 2006 shall be paid in full no later than 20 years from the first date of loan disbursement, and an NJCLASS Variable Rate loan, an NJCLASS Graduate/Professional

Students loan and a MedNJ loan shall be paid in full no later than 25 years from the first date of loan disbursement or the maximum repayment period stated on the loan disclosure, whichever is less. An NJCLASS Postgraduate loan shall be paid in full no later than 20 years from the first date of loan disbursement or the maximum repayment period stated on the loan disclosure, whichever is less. A 10-year NJCLASS loan shall be paid in full no later than 10 years from the first date of loan disbursement or the maximum repayment period stated on the loan disclosure, whichever is less.

(h) The borrower has the right to repay the entire loan or any portion of the loan at any time without penalty.

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

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

In (b), rewrote the introductory paragraph, inserted "first" preceding "disbursed" in 1, and added the last sentence in 3; inserted a new (c); recodified former (c) through (e) as (d) through (f); and rewrote the new (e).

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

In (e), substituted "25" for "23" following "no later than".

Amended by R.2006 d.403, effective November 20, 2006.

See: 38 N.J.R. 2967(a), 38 N.J.R. 4865(b).

In (b)2 and (b)3, inserted "of the student on whose behalf the loan was obtained"; in (b)3, inserted "and the NJCLASS Graduate/Professional Students loan"; in (e), inserted "disbursed prior to June 1, 2006", "an NJCLASS loan disbursed on or after June 1, 2006 shall be paid in full no later than 20 years from the first date of loan disbursement," and "and an NJCLASS Graduate/Professional Students loan", deleted "Loan" following "Variable Rate", and substituted ". An" for "; and an".

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

In (a), substituted "Pre-Disbursement" for "completed repayment" and "least three days prior to" for "the time of"; in (b)2, deleted "quarterly" preceding "interest"; added new (c) and (e); recodified former (c) as (d) and former (d) through (f) as (f) through (h); in (f), inserted "of principal and interest"; and in (g), substituted a comma for "and" following "Variable Rate loan", and inserted "and a MedNJ loan" and the last sentence.

#### 9A:10-6.12 Deferments and forbearance

(a) Under certain conditions, borrowers shall be permitted to defer payments of interest and/or loan principal for specified periods of time. Some deferments may only be granted if both the borrower and co-borrower qualify for the deferment. During periods of authorized deferment, borrowers remain responsible for the payment of the interest accruing on their loan(s). The following are available NJCLASS Program deferments and their requirements:

1. Full-time and half-time study at an eligible institution;
2. Unemployment;
  - i. Borrower must be currently unemployed and conscientiously seeking but unable to find full-time employment.
  - ii. The borrower may be granted up to a six-month deferment upon his or her initial request if the borrower provides acceptable proof of eligibility for unemployment benefits or a signed written statement describing

his or her conscientious search for full-time employment. The statement must include:

- (1) Proof that at least three attempts were made to gain employment;
- (2) The names, addresses and phone numbers of the possible employers contacted;
- (3) The name of the contact person at each possible employer; and
- (4) A certification of registration with a public or private employment agency.

iii. For all requests beyond the initial request, the borrower shall provide a signed written statement describing his or her conscientious search for full-time employment during the preceding deferment period. The statement must include the documentation, contact information and certification specified in (a)2ii above.

iv. In order to remain eligible for the deferment, the borrower shall not restrict his or her search to specific fields, positions, or salaries.

### 3. Service as an intern or resident;

i. Borrower must be currently participating in an eligible internship or residency program of supervised training that is required by a State licensing agency prior to certification for professional practice or service.

ii. Borrower shall provide certification from the appropriate State licensing agency attesting to the necessity of the internship or residency.

iii. Borrower shall provide certification from the organization with which the internship or residency is being undertaken which specifies:

- (1) Acceptance of the borrower into the internship or residency program; and
- (2) Anticipated beginning and completion dates of the program.

### 4. Active duty status in the Armed Forces;

i. The borrower shall provide a statement from his or her commanding officer attesting to full-time active duty status.

### 5. Peace Corps;

i. To qualify for this deferment, a borrower shall submit a request and provide the Authority with a statement from an official of the Peace Corps program certifying:

- (1) That the borrower has agreed to serve as a volunteer on a full-time basis for at least one year;
- (2) The date on which the borrower's service began; and

(3) The date on which the borrower's service is expected to end.

### 6. Temporary total disability;

i. To qualify for this deferment, a borrower shall submit a request and provide the Authority with a statement from a physician, who is a doctor of medicine or osteopathy and is legally authorized to practice, certifying that the borrower is temporarily totally disabled.

ii. Temporarily totally disabled means that an individual is unable to work and earn money or attend school during a period needed to recover from injury or illness.

(b) The deferment begins on the date the borrower's qualifying status is certified to begin and ends on the date the borrower's qualifying status is certified to end. Maximum allowable time periods for all deferments except full-time and half-time study at an eligible institution shall not exceed 18 months for loans with a 15 year repayment term, 24 months for loans with a 20 year repayment term, 30 months for loans with a 25 year repayment term and 36 months for loans with a 30 year repayment term for an unemployment deferment, and for each of the remaining deferments, as established by the Authority. Deferments for 10-year NJCLASS loans are limited to unemployment deferments with a maximum allowable time period not to exceed six months.

(c) Upon receipt of a borrower request for a deferment and all required documentation, the Authority shall notify the borrower regarding the deferment's authorization.

(d) The Authority may also, at its discretion, grant borrowers periods of forbearance in the repayment of the NJCLASS loan(s). Forbearance will only be granted if both the borrower and co-borrower qualify for the forbearance pursuant to 34 CFR 682.211(a)(3). Forbearance may be granted for situations including, but not limited to, economic hardship (as these terms are defined for the FFEL Program, 34 CFR part 682). The maximum allowable time period for economic hardship forbearance shall not exceed six months for loans with a 10-year repayment term, 18 months for loans with a 15-year repayment term, 24 months for loans with a 20-year repayment term, 30 months for loans with a 25-year repayment term and 36 months for loans with a 30-year repayment term. In granting a forbearance, the Authority permits a temporary cessation of principal payments and temporarily permits payments of interest only, or a temporary cessation of both principal and interest payments. Interest continues to accrue during all forbearance periods.

Amended by R.2006 d.403, effective November 20, 2006.  
See: 38 N.J.R. 2967(a), 38 N.J.R. 4865(b).

In introductory paragraph of (a), inserted "interest and/or" and second sentence; rewrote (a)2ii and associated subsections; inserted new (a)2iii and recodified former (a)2iii as (a)2iv; in (d), inserted second sentence and substituted "or a temporary cessation of both principal and interest payments. Interest continues to accrue during all forbearance periods." for a period at the end.

Amended by R.2011 d.043, effective February 7, 2011.  
See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).  
Rewrote (b) and (d).

### 9A:10-6.13 Consolidation Loan Program

(a) Subject to the availability of funds, the Authority offers an NJCLASS Consolidation Loan Program for the purpose of permitting existing NJCLASS borrowers and/or co-borrowers to consolidate their existing NJCLASS loans into a single fixed rate NJCLASS Consolidation loan. The purpose of the NJCLASS Consolidation Loan Program is to provide borrowers with high NJCLASS debt an extended repayment term, which provides for lower monthly payments.

(b) To participate in the NJCLASS Consolidation Loan Program, either the borrower or the co-borrower on the NJCLASS Consolidation loan shall also be either the borrower or the co-borrower on each of the underlying loans being consolidated and shall have at least \$30,000 outstanding in current NJCLASS loans that will be consolidated.

(c) Only NJCLASS loans in monthly repayment of principal and interest are eligible for consolidation into an NJCLASS Consolidation loan. The student for whom the underlying NJCLASS loan was obtained shall no longer be enrolled in school. He or she shall have graduated or withdrawn.

(d) To be eligible for an NJCLASS Consolidation loan, the NJCLASS borrower and/or co-borrower shall:

1. Be a citizen, national or legal resident of the United States or be in the United States for other than temporary purposes and intend to become a permanent resident (as evidenced by United States Citizenship and Immigration Services, or its successor agency, documentation);
2. Not owe a grant refund, be in default on a student loan, have a student loan written off as uncollectible, or be in violation of any of the other criteria for determining creditworthiness as outlined in (f) below;
3. Provide an acceptable cosigner if the Authority determines that one is required;
4. In the case of any Federal Family Education Loan amount, Federal Direct Loan amount, or any NJCLASS loan amount that previously was canceled due to the borrower's total and permanent disability, obtain a certification from a physician that the borrower's condition has improved and that the borrower is able to engage in substantial gainful employment and sign a statement acknowledging that the NJCLASS Consolidation loan that the borrower receives cannot be canceled in the future on the basis of any impairment present when the new loan is made, unless that impairment substantially deteriorates; and

5. Provide at least two references for the borrower, and co-borrower if applicable, and at least two references for the cosigner, and joint cosigner if applicable.

(e) The Higher Education Student Assistance Authority shall have final decision-making authority concerning the eligibility of a borrower, co-borrower and/or cosigner to participate in the NJCLASS Consolidation Loan Program.

(f) An NJCLASS Consolidation loan borrower and/or co-borrower shall meet minimum income requirements and be determined creditworthy by the Authority in order to be eligible for an NJCLASS Consolidation loan. Cosigners shall be required to meet the minimum income or creditworthy determination by the Authority if the borrower or co-borrower are unable to do so.

1. To be approved for an NJCLASS Consolidation loan, a creditworthy borrower, co-borrower or cosigner shall have an annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services.

2. A borrower with one or more of the items listed below in his or her credit history may be denied an NJCLASS Consolidation loan for not being creditworthy. These items include delinquent accounts, paid and unpaid collection accounts, paid and unpaid charged off accounts, foreclosure, repossession, bankruptcy, a paid or unpaid judgment. However, a borrower in the NJCLASS Consolidation Loan Program may be eligible if the borrower is able to secure a creditworthy cosigner.

(g) NJCLASS Consolidation loan borrowers and/or co-borrowers may be permitted to add additional eligible NJCLASS loans to an existing NJCLASS Consolidation loan provided sufficient funding is available and the origination period has not expired.

(h) The process to borrow under the NJCLASS Consolidation Loan Program shall be as follows:

1. The borrower shall complete the NJCLASS Consolidation Loan application and promissory note. All parts of the application and promissory note shall be completed and all requested documentation shall be submitted to the Authority.
2. The Authority shall process the application and the borrower will be notified by the Authority of his or her loan approval or disapproval.
3. The NJCLASS Consolidation loan amount will be calculated based upon the sum of the outstanding principal and interest balance of each underlying NJCLASS loan being consolidated and the NJCLASS Consolidation loan application/administrative fee, as specified in (i) below, will be charged to the borrower.

4. The Authority shall provide the borrower, co-borrower and cosigner, if any, with a completed repayment NJCLASS Consolidation Loan Disclosure Statement detailing due dates of required payments at the time of the Consolidation loan disbursement.

5. Consolidation loan proceeds will be applied to satisfy the outstanding NJCLASS loans included in the consolidation. No proceeds will be issued to the borrower. Any adjustment amount will be applied to the outstanding principal balance of the new NJCLASS Consolidation loan.

(i) NJCLASS Consolidation loan borrowers and/or co-borrowers will be required to pay a one percent application/administrative fee. This fee will be added to the sum of the outstanding principal and interest balance of each underlying NJCLASS loan being consolidated at the time of approval.

(j) The interest rate on the NJCLASS Consolidation loan will be a fixed rate based upon the weighted average interest rate of all the underlying NJCLASS loans being consolidated plus 25 basis points. The interest rate of the underlying NJCLASS loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of the underlying NJCLASS loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS loan is being included in the NJCLASS consolidation, the applicable NJCLASS fixed interest rate for the academic year the variable rate loan was disbursed will be used in the calculation of the weighted average interest rate. In the event that a 10-year NJCLASS loan is included in the NJCLASS Consolidation Loan, the rate used in the weighted average calculation will be the equivalent 20-year fixed rate program rate in effect at the time of disbursement of the 10-year NJCLASS loan. Interest on an NJCLASS Consolidation loan will begin to accrue at the time of the loan disbursement.

(k) Late fees may be charged on an NJCLASS Consolidation loan in accordance with N.J.A.C. 9A:10-6.10.

(l) NJCLASS Consolidation loan borrowers shall begin to pay the principal and interest of the NJCLASS Consolidation loan on a monthly basis. The first payment of principal and interest is due within 60 days after the loan is disbursed. The length of the repayment term will be determined based on the amount of the NJCLASS Consolidation loan at the time of approval as follows:

1. Consolidation loan borrowers whose outstanding loan obligations are under \$60,000 will obtain a 25-year repayment term.

2. Consolidation loan borrowers whose outstanding loan obligations exceed \$60,000 will receive a 30-year repayment term.

3. The borrower and/or co-borrower have the right to repay the entire loan or any portion of the loan at any time without penalty.

4. Notwithstanding any period of forbearance, an NJCLASS Consolidation loan shall be paid in full no later than the maximum repayment term, as disclosed to the borrower at the time of disbursement.

(m) The Authority may also, at its discretion, grant borrowers periods of forbearance in the repayment of the NJCLASS Consolidation loan(s). Forbearance will only be granted if both the borrower and co-borrower qualify for the forbearance pursuant to 34 CFR 682.211(a)(3). Forbearance may be granted for situations including, but not limited to, economic hardship (as these terms are defined for the FFEL Program, 34 CFR Part 682). During periods of forbearance, the NJCLASS Consolidation loan will revert to quarterly or monthly payments of interest only.

(n) NJCLASS loan provisions, which pertain to delinquency, set forth in N.J.A.C. 9A:10-6.14; credit bureau reporting, set forth in N.J.A.C. 9A:10-6.15; default and consequences of default, set forth in N.J.A.C. 9A:10-6.16; discharge, set forth in N.J.A.C. 9A:10-6.17; and rehabilitation, set forth in N.J.A.C. 9A:10-6.18, shall be in effect for this Program.

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

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

Repeal and New Rule, R.2006 d.403, effective November 20, 2006.

See: 38 N.J.R. 2967(a), 38 N.J.R. 4865(b).

Section was "Consolidation".

Amended by R.2009 d.180, effective June 1, 2009.

See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

In the introductory paragraph of (f), substituted "shall" for "may" following "Cosigners"; and in (f)1, inserted "annual".

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

In (f)2, deleted "or a monthly total debt to monthly adjusted gross income ratio which exceeds 40 percent" following "judgment"; in (j), inserted "plus 25 basis points", "the variable rate loan was disbursed", and the next-to-last sentence; and substituted "the" for "that" preceding "academic year"; and in (m), inserted "or monthly".

### 9A:10-6.14 Delinquency

(a) In keeping with the Authority's goals of default prevention in the NJCLASS Program, the Authority may perform a series of default prevention activities beginning when an NJCLASS loan is 10 days delinquent.

(b) Default prevention activities shall include, but not be limited to, letters and telephone calls to the borrower and cosigner, if any, beginning after the first 10 days of delinquency. Thirty days before sending a letter of default (180 days delinquent, or 240 days delinquent depending on whether payments are due monthly or less frequently than monthly), the Authority shall attempt to telephone the borrower and cosigner and send the borrower and cosigner a final demand letter.

(c) Delinquency may also result in the loss of eligibility for other student aid, negative credit reports and administrative wage garnishment.

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

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

Amended by R.2002 d.288, effective September 3, 2002.

See: 33 N.J.R. 4050(a), 34 N.J.R. 3085(a).

In (a), substituted "may" for "shall".

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

In (b), inserted references to cosigner following borrower throughout.

Amended by R.2006 d.403, effective November 20, 2006.

See: 38 N.J.R. 2967(a), 38 N.J.R. 4865(b).

Added (c).

Amended by R.2009 d.180, effective June 1, 2009.

See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

In (b), inserted "attempt to".

### 9A:10-6.15 Credit bureau reporting

The Authority shall report the status of all NJCLASS loans, for borrowers and cosigners, in the NJCLASS portfolio to a national credit bureau each month.

Amended by R.2002 d.288, effective September 3, 2002.

See: 33 N.J.R. 4050(a), 34 N.J.R. 3085(a).

Deleted the second and third sentences.

### 9A:10-6.16 Default and consequences of default

(a) Default occurs when a borrower fails to make an installment payment when due, or to meet other terms of the Promissory Note under circumstances where the Authority finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided failure to repay persists for:

1. At least 180 days when payments are due monthly; or
2. At least 240 days during the student's in-school period when payments are due less frequently than monthly.

(b) Upon default, the borrower and/or cosigner, if any, are liable for the entire balance of the loan. Upon default, the Authority shall notify credit bureaus of this negative information. Default may result in any or all of the following: expedited increase of interest rate, loss of State income tax refunds or State tax rebates, legal action, assessment of collection charges including attorney fees of up to 30 percent of the debt collected, loss of eligibility for other student aid, negative credit reports, administrative wage garnishment, offset of lottery prize winnings, and suspension of New Jersey occupational and professional license.

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

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

In (b), inserted "or State tax rebates" following "State income tax refunds" and inserted ", and suspension of New Jersey occupational license" following "lottery prize winnings".

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

In (b), inserted a reference to cosigner following borrower in the first sentence, and inserted "and professional" following "occupational" in the last sentence.

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

In (b), inserted "expedited increase of interest rate," and "of up to 30 percent of the debt collected".

### 9A:10-6.17 Discharge

(a) Rules governing the discharge of loans based on filing for relief in bankruptcy, and discharge of loans due to death or total and permanent disability are set forth in this section. If an NJCLASS loan was obtained by two borrowers as co-makers or by a borrower and one or more cosigners, and only one of the borrowers dies, becomes totally and permanently disabled, has collection of his or her loan obligation stayed by a bankruptcy filing, or has that obligation discharged in bankruptcy, the other borrower or cosigner remains obligated to repay the loan, beginning with NJCLASS loans using promissory notes dated 1994 or later.

(b) If an individual borrower dies, the obligation of the borrower to make any further payments on the loan is discharged. A discharge of a loan based on the death of the borrower must be based on an original or certified copy of the death certificate, or an accurate and complete photocopy of the original or certified copy of the death certificate.

(c) If the Authority determines that an individual borrower is totally and permanently disabled, the obligation of the borrower to make any further payments on the loan is discharged. A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time he or she applied for the loan, unless the borrower's condition has substantially deteriorated later, so as to render the borrower totally and permanently disabled. After being notified by the borrower, or the borrower's representative, that the borrower claims to be totally and permanently disabled, the Authority shall request that the borrower, or the borrower's representative, submit the discharge application provided by the Authority. The application must contain a certification by a physician, who is a doctor of medicine or osteopathy and legally authorized to practice in a state, that the borrower is totally and permanently disabled as defined in N.J.A.C. 9A:10-6.3.

(d) The following pertain to borrower bankruptcy;

1. If the Authority is notified that any of the parties to the note has filed a petition for relief in bankruptcy under Chapters 12 or 13 of the Federal Bankruptcy Code, the Authority shall immediately suspend any collection efforts outside the bankruptcy proceeding against any other of the parties to the note. If the Authority is notified that any of the parties to the note has filed a petition for relief in bankruptcy under Chapters 7 or 11 of the Federal Bankruptcy Code, the Authority may suspend any collection efforts outside the bankruptcy proceeding against any other of the parties to the note.

2. The Authority shall determine that a borrower has filed a petition for relief in bankruptcy on the basis of

receiving a notice of the first meeting of creditors or other confirmation issued by the bankruptcy court.

3. In general, the Authority shall follow the Federal regulations governing guaranty agency participation in bankruptcy proceedings, set forth in 34 CFR 682.402, except that the Authority in its discretion may choose to differ from Federal cost benefit analysis in deciding whether to oppose an undue hardship discharge petition, to oppose a plan proposed under Chapters 11, 12, or 13 of the Federal Bankruptcy Code, or to oppose a discharge pursuant to a plan under Chapters 11, 12, or 13 of the Federal Bankruptcy Code.

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

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

Rewrote (d)1.

Amended by R.2009 d.180, effective June 1, 2009.

See: 40 N.J.R. 6721(b), 41 N.J.R. 2261(a).

Rewrote (b) and (c).

### 9A:10-6.18 Rehabilitation

(a) Effective no earlier than June 1, 1999, the Authority may offer a rehabilitation program for NJCLASS loans. If the Authority offers a rehabilitation program for NJCLASS loans, the Authority shall notify NJCLASS borrowers of the availability of this program. In the event the Authority offers a rehabilitation program for NJCLASS loans, an NJCLASS borrower who has defaulted on an NJCLASS loan is permitted to rehabilitate the loan with an enforceable promissory note and remove that loan from default status, provided the borrower satisfies the requirements of (c) below. A defaulted NJCLASS loan may be rehabilitated only once.

(b) An NJCLASS loan is considered to be rehabilitated only after the borrower has made one voluntary full payment each month and the payment is received by the Authority within 15 days of the scheduled due date for 12 consecutive months, with no deferments or forbearances permitted during the 12 month period.

(c) An NJCLASS borrower may request the rehabilitation of the borrower's defaulted NJCLASS loan held by the Authority. The borrower shall make one voluntary full payment each month for 12 consecutive months to be eligible to have the defaulted loans rehabilitated. For purposes of this section, "full payment" means the minimum acceptable monthly payment as defined in N.J.A.C. 9A:10-6.11(d).

"Voluntary payments" are those made directly by the borrower regardless of whether there is a judgment against the borrower, and do not include payments obtained by income tax offset, garnishment, or income or asset execution.

(d) The maximum repayment period for a rehabilitated NJCLASS loan shall be the same as that of the NJCLASS loan prior to default. A borrower who wishes to rehabilitate a loan on which a judgment has been entered must sign a new promissory note. The maximum repayment period of the new promissory note shall be the same as that of the NJCLASS loan prior to default. Once an NJCLASS loan subject to a judgment has been rehabilitated, the Authority shall have the judgment marked satisfied.

(e) The Authority shall report to a national credit bureau within 30 days of the date the loan was rehabilitated that the loan is no longer in a default status, and is now in a "current was collection account" status.

(f) The Authority may elect to hold the rehabilitated loan directly, or transfer the loan to another lender, including, but not limited to, the trustee of the trust estate held for the benefit of NJCLASS Program bondholders.

Amended by R.1998 d.534, effective November 16, 1998.

See: 30 N.J.R. 2805(a), 30 N.J.R. 4041(b).

Rewrote (a), (c) and (d); in (b), deleted "reasonable and affordable" following "voluntary", and added ", with no deferments or forbearances permitted during the 12 month period" at the end; and in (e), added ", and is now in a 'current was collection account' status" at the end.

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

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

In (c), amended the N.J.A.C. reference.

### 9A:10-6.19 Authority enforcement requirements for schools participating in the NJCLASS Program

(a) To assess the administrative and financial capability of a school participating in the NJCLASS Program, the Authority may expand the scope of either a FFEL Program review or a State scholarship and Tuition Aid Grant management review to cover the NJCLASS Program.

(b) In the event a school is selected for review, the Authority shall provide the school at least 30 days notice of the date of the on-site review. The Authority shall also notify the school of the financial and administrative information required for the on-site visit.