

ASSEMBLY, No. 4084

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED SEPTEMBER 15, 2016

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman MILA M. JASEY

District 27 (Essex and Morris)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

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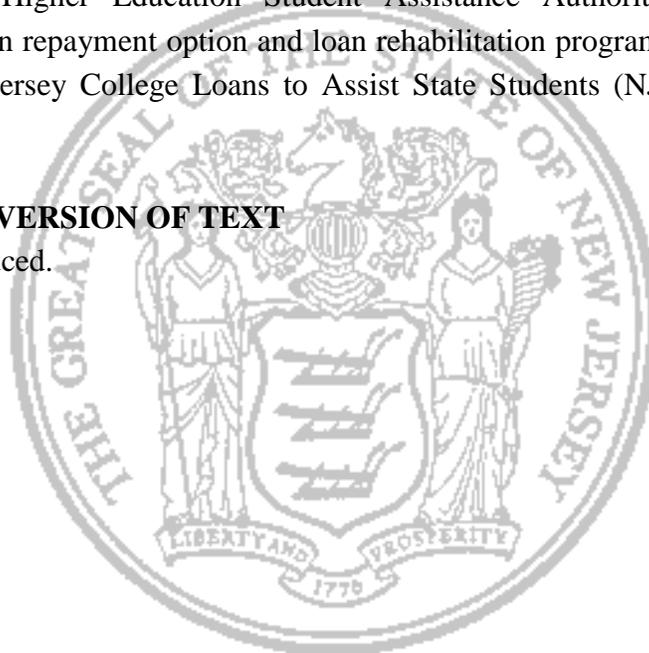
**Assemblymen Giblin, Zwicker, Assemblywomen Vainieri Huttler, Muoio,
Assemblyman Mazzeo, Assemblywomen Jimenez, Lampitt, Assemblymen
McKeon, Holley and Assemblywoman Pinkin**

SYNOPSIS

Requires Higher Education Student Assistance Authority to establish income-driven repayment option and loan rehabilitation program for borrowers under New Jersey College Loans to Assist State Students (NJCLASS) Loan Program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/28/2016)

1 AN ACT concerning the New Jersey College Loans to Assist State
2 Students (NJCLASS) Loan Program and supplementing chapter
3 71C of Title 18A of the New Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. The Higher Education Student Assistance Authority shall
9 establish an income-driven repayment option for an NJCLASS Loan
10 Program loan. The income-driven repayment option shall:

11 a. limit a borrower's monthly payment amount to no more than
12 10 percent of discretionary income;

13 b. discharge any remaining debt after 20 years of payments;
14 and

15 c. provide \$0 monthly payments for borrowers with incomes at
16 or below 150 percent of the federal poverty guideline for their
17 family size.

18
19 2. a. The Higher Education Student Assistance Authority shall
20 establish a loan rehabilitation program for NJCLASS Loan Program
21 loans for the purpose of rehabilitating a defaulted loan and
22 removing the loan from default status. The authority shall notify
23 borrowers of the availability of the loan rehabilitation program.

24 b. A borrower may request rehabilitation of a defaulted
25 NJCLASS Loan Program loan. In order to be eligible for
26 rehabilitation of the loan, the borrower shall voluntarily make at
27 least nine of the 10 payments required under a monthly loan
28 rehabilitation repayment agreement entered into with the authority.
29 Each payment shall:

30 (1) be made voluntarily;

31 (2) be for the full amount required under the rehabilitation
32 repayment agreement; and

33 (3) be received within 20 days of the due date for the payment.

34 All nine payments shall be received within the 10-month period
35 that begins with the month in which the first required due date falls
36 and ends with the ninth consecutive calendar month following that
37 month. Once the loan has successfully been rehabilitated, the
38 remaining balance shall be repaid within the original time frame
39 and according to the original terms and conditions of the
40 promissory note, except that with proper documentation of financial
41 hardship the borrower may negotiate with the authority a lower
42 monthly payment or a longer repayment term.

43 c. Within 30 days of the successful completion of the loan
44 rehabilitation repayment agreement, the authority shall notify
45 national credit bureaus to which the authority had reported the loan
46 default, that the loan is no longer in default status.

1 d. A defaulted loan may be rehabilitated only once. A
2 borrower may not rehabilitate the loan again if the loan returns to
3 default status following the rehabilitation.

4 e. As used in this section, “voluntary payments” are those
5 made directly by the borrower and do not include payments
6 obtained by income tax offset, garnishment, or income or asset
7 execution.

8
9 3. The Higher Education Student Assistance Authority shall
10 promulgate regulations pursuant to the “Administrative Procedure
11 Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to effectuate
12 the provisions of this act.

13
14 4. This act shall take effect on the first day of the sixth month
15 following enactment.

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STATEMENT

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20 The bill directs the Higher Education Student Assistance
21 Authority (HESAA) to establish an income-driven repayment
22 option for an NJCLASS Loan Program loan. An income-driven
23 repayment option is a student loan repayment plan that sets a
24 borrower’s monthly student loan payment at an amount that is
25 intended to be affordable based on the borrower’s income. Under
26 the provisions of the bill, the income-driven repayment option for
27 an NJCLASS Loan Program loan will:

28 (1) limit a borrower’s monthly payment amount to no more than
29 10 percent of discretionary income;

30 (2) discharge any remaining debt after 20 years of payments;
31 and

32 (3) provide \$0 monthly payments for borrowers with incomes at
33 or below 150 percent of the federal poverty guideline for their
34 family size.

35 The bill also directs HESAA to establish a loan rehabilitation
36 program for NJCLASS Loan Program loans for the purpose of
37 rehabilitating a defaulted loan and removing it from default status.
38 Under the program, in order to be eligible for rehabilitation of a
39 defaulted loan, the borrower must voluntarily make at least nine of
40 the 10 payments required under a monthly loan rehabilitation
41 repayment agreement entered into with HESAA. All required
42 payments must be made voluntarily, be for the full amount required
43 under the agreement, and be received within 20 days of the due date
44 for the payment. Within 30 days of the successful completion of
45 the loan rehabilitation repayment agreement, HESAA will notify
46 national credit bureaus to which it reported the loan default, that the
47 loan is no longer in default status.