

[First Reprint]

SENATE, No. 743

STATE OF NEW JERSEY

217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

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SYNOPSIS

Directs Higher Education Student Assistance Authority to forgive certain student loans in the event of student borrower's death or total and permanent disability and grant deferment for temporary total disability.

CURRENT VERSION OF TEXT

As amended by the General Assembly on September 15, 2016.

(Sponsorship Updated As Of: 9/20/2016)

1 AN ACT concerning ¹**[student loans offered through]**¹ the New
2 Jersey College Loans to Assist State Students (NJCLASS) Loan
3 Program and supplementing chapter 71C of Title 18A of the New
4 Jersey Statutes.

5

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

8

9 1. a. In the event of the death of an eligible student borrower
10 ¹under the NJCLASS Loan Program¹, the authority shall fully
11 discharge the obligation of the student borrower and a parent or
12 guardian who cosigned the loan.

13 b. The executor or administrator of the student borrower's
14 estate shall provide written notification to the authority of the
15 student borrower's death and shall provide the authority with a
16 certified copy of the death certificate within 120 days of the student
17 borrower's death.

18

19 ¹2. a. In the event that an eligible student borrower under the
20 NJCLASS Loan Program becomes totally and permanently
21 disabled, the authority shall fully discharge the obligation of the
22 student borrower and a parent or guardian who cosigned the loan.
23 To qualify for the loan discharge the student borrower shall provide
24 the authority with a written statement from a physician, who is a
25 doctor of medicine or osteopathy and is legally authorized to
26 practice, certifying that the student borrower is totally and
27 permanently disabled.

28 b. As used in this section, "totally and permanently disabled"
29 means the condition of a student borrower who is unable to work
30 and earn money or attend school because of an injury or illness that
31 is expected to continue indefinitely or result in death. A student
32 borrower shall be considered totally and permanently disabled even
33 if the student borrower continues to receive an equal or greater
34 amount of income from the source of income that was used to meet
35 the minimum income requirements at the time the loan was
36 approved.¹

37

38 ¹3. a. In the event that an eligible student borrower under the
39 NJCLASS Loan Program becomes temporarily totally disabled, the
40 authority shall grant a deferment of payment of loan principal and
41 interest. To qualify for the loan deferment, the student borrower
42 shall provide the authority with a written statement from a
43 physician, who is a doctor of medicine or osteopathy and is legally
44 authorized to practice, certifying that the student borrower is

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted September 15, 2016.

1 temporarily totally disabled. The deferment shall begin on the date
2 that the student borrower's temporary total disability is certified to
3 begin and shall end on the date that the eligible student's temporary
4 total disability is certified to end. Interest on the loan shall not
5 accrue during the period of deferment.

6 b. As used in this section, "temporary total disability" means
7 that the student borrower is unable to work and earn money or
8 attend school during the period needed to recover from the injury or
9 illness. A student borrower shall be considered temporarily totally
10 disabled even if the student borrower continues to receive an equal
11 or greater amount of income from the source of income that was
12 used to meet the minimum income requirements at the time the loan
13 was approved.¹

14

15 ¹[2.] 4.¹ This act shall take effect immediately.