

[First Reprint]

**ASSEMBLY, No. 4475**

**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

INTRODUCED SEPTEMBER 24, 2018

**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)**

**Co-Sponsored by:**

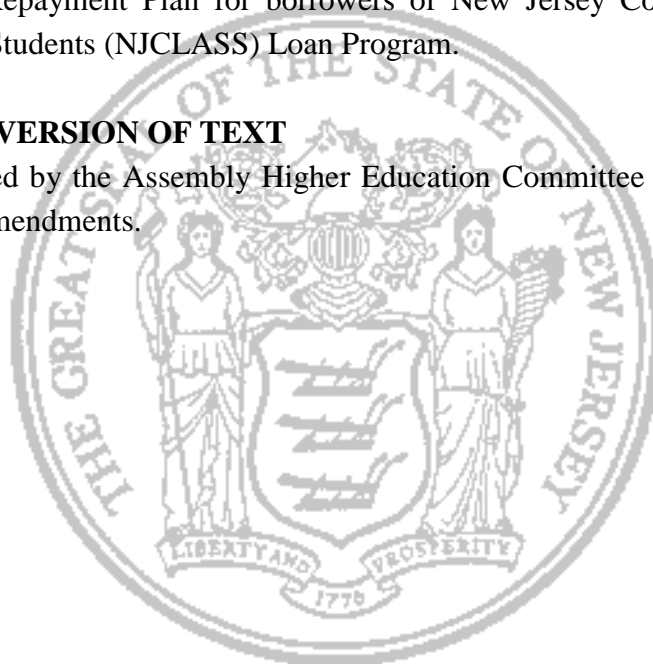
**Assemblyman Johnson, Assemblywomen Pinkin, Mosquera, Downey and  
Assemblyman McKeon**

**SYNOPSIS**

Establishes Repayment Assistance Program and Household Income Affordable Repayment Plan for borrowers of New Jersey College Loans to Assist State Students (NJCLASS) Loan Program.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Higher Education Committee on October 15, 2018, with amendments.



**(Sponsorship Updated As Of: 2/26/2019)**

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. a. <sup>1</sup>**[The]** In order to assist borrowers who are facing  
9 economic hardships, the<sup>1</sup> Higher Education Student Assistance  
10 Authority shall establish a Repayment Assistance Program for new  
11 loans originated under the Standard New Jersey College Loans to  
12 Assist State Students (NJCLASS) Loan Program beginning with the  
13 2017-2018 academic year. Under the Repayment Assistance  
14 Program, eligible borrowers shall pay a reduced monthly loan  
15 payment equal to 10 percent of the total of the aggregate household  
16 income of all of the parties to the loan that exceeds 150 percent of  
17 the federal poverty guidelines, with a minimum monthly payment of  
18 \$5.

19 b. Subject to the limits of funding made available pursuant to  
20 section 3 of this act, a borrower shall be eligible to participate in the  
21 Repayment Assistance Program for a period not to exceed two  
22 years. During the period of participation in the Repayment  
23 Assistance Program, the authority shall pay the interest on the  
24 NJCLASS loan at the stated loan rate and the payments made by the  
25 borrower shall be applied to reduce the principal balance of the  
26 loan. At the end of the borrower's participation in the Repayment  
27 Assistance Program, the new monthly repayment amount shall be  
28 recalculated based on the remaining principal balance of the loan,  
29 interest accruing thereon at the original stated loan rate, and the  
30 remaining length of the original term to repay the loan.

31 <sup>1</sup>c. As used in this section, borrowers are determined to be  
32 facing an "economic hardship" if the monthly amount required to  
33 pay their Standard NJCLASS loans is higher than the monthly  
34 payment amount required under the Repayment Assistance Program  
35 established in this section.<sup>1</sup>

36  
37 2. a. <sup>1</sup>**[The]** To provide further assistance to borrowers who  
38 continue to face economic hardships after exhausting their  
39 eligibility for the Repayment Assistance Program, the<sup>1</sup> Higher  
40 Education Student Assistance Authority shall establish a Household  
41 Income Affordable Repayment Plan for new loans originated under  
42 the Standard NJCLASS Loan Program beginning with the 2018-  
43 2019 academic year. Subject to the limits of funding made

**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:

<sup>1</sup>Assembly AHI committee amendments adopted October 15, 2018.

1 available pursuant to section 3 of this act, a borrower shall be  
2 eligible for the Household Income Affordable Repayment Plan  
3 upon exhausting the two-year eligibility period for the Repayment  
4 Assistance Program. Under the Household Income Affordable  
5 Repayment Plan, an eligible borrower shall be eligible to make  
6 reduced loan payments equal to 15 percent of the total of the  
7 aggregate household income of all of the parties to the loan that  
8 exceeds 150 percent of the federal poverty guidelines, with a  
9 minimum monthly payment of \$25.

10 b. Upon qualification for admittance to the Household Income  
11 Affordable Repayment Plan, the repayment term for a loan in the  
12 plan shall be extended to 25 years from the date of origination.  
13 Interest shall continue to accrue on the loan while in repayment  
14 under the plan at the original loan rate. Any remaining balance at  
15 the end of 25 years shall be forgiven.

16 c. All parties to a loan shall provide the authority with annual  
17 income certification and proof of need to remain in the Household  
18 Income Affordable Repayment Plan. In the event that the parties to  
19 a loan no longer qualify for participation in the plan, the repayment  
20 term shall remain at 25 years and the monthly repayment amount  
21 shall revert to the standard monthly payment. Unpaid interest shall  
22 be capitalized upon return to the standard monthly payment.

23 d. As used in this section, “standard monthly payments” are  
24 determined by the authority when parties enter the Household  
25 Income Affordable Repayment Plan by capitalizing all unpaid  
26 interest and amortizing the remaining loan balance over the  
27 remaining original loan repayment term.

28 <sup>1</sup>e. As used in this section, borrowers are determined to be  
29 facing an “economic hardship” if the monthly amount required to  
30 pay their Standard NJCLASS loans is higher than the monthly  
31 payment amount required under the Household Income Affordable  
32 Repayment Plan established in this section.<sup>1</sup>

33  
34 3. For new Standard NJCLASS loans financed in whole or in  
35 part by bonds issued by the authority pursuant to N.J.S.18A:71A-8,  
36 funding for the Repayment Assistance Program established pursuant  
37 to section 1 of this act and the Household Income Affordable  
38 Repayment Plan established pursuant to section 2 of this act shall  
39 be included as a provision in the applicable bond indentures. The  
40 programs shall be limited to the amounts included in the bond  
41 indentures and shall not infringe on the rights of bondholders  
42 established pursuant to N.J.S.18A:71A-19 and N.J.S.18A:71A-22.  
43 The number of borrowers who may participate in the Repayment  
44 Assistance Program and Household Income Repayment Plan shall  
45 be limited by the funding parameters set forth in any applicable

1 bond indenture and any limitations or restrictions on amendments  
2 thereto.

3

4 4. The Higher Education Student Assistance Authority shall  
5 promulgate regulations pursuant to the "Administrative Procedure  
6 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to  
7 effectuate the provisions of this act.

8

9 5. This act shall take effect immediately.