

SENATE, No. 2375

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 13, 2020

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Requires Higher Education Student Assistance Authority to suspend accrual of interest on certain New Jersey College Loans to Assist State Students Loan Program loans in deferment or forbearance.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/7/2020)

1 **AN ACT** concerning the suspension of interest under the New Jersey
2 College Loans to Assist State Students Loan Program.

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

1. The Higher Education Student Assistance Authority shall suspend the accrual of interest on a New Jersey College Loans to Assist State Students Loan Program loan, if the borrower of the loan applies for a loan deferment or loan forbearance due to temporary total disability, unemployment, or financial hardship between March 9, 2020 and September 9, 2020, and is approved for such a loan deferment or loan forbearance.

15 2. This act shall take effect immediately.

STATEMENT

Under current regulations governing the New Jersey College Loans to Assist State Student (NJCLASS) Loan Program, the Higher Education Student Assistance Authority (HESAA) is permitted to grant NJCLASS loan borrowers deferment or forbearance under certain circumstances in the repayment of NJCLASS loans. During periods of authorized deferment, borrowers may be permitted to defer payments of interest and/or loan principal for specified periods of time. Borrowers, however, remain responsible for the payment of the interest accruing on their loan, except for during approved periods of temporary total disability of the eligible student borrower. Forbearance, meanwhile, may be granted to a borrower for situations including, but not limited to, financial hardship. In granting a forbearance, HESAA permits: 1) a temporary cessation of principal payments and temporarily permits payments of interest only or 2) a temporary cessation of both principal and interest payments. Interest continues to accrue during all forbearance periods.

37 This bill would require HESAA to suspend the accrual of interest
38 on NJCLASS loans, the borrowers of which apply for a loan
39 deferment or loan forbearance due to temporary total disability,
40 unemployment, or financial hardship between March 9, 2020 and
41 September 9, 2020, and are approved for the loan deferment or loan
42 forbearance.