

## CHAPTER 62

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

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

### C.18A:71C-31.4 Repayment Assistance Program.

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

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

c. As used in this section, borrowers are determined to be facing an "economic hardship" if the monthly amount required to pay their Standard NJCLASS loans is higher than the monthly payment amount required under the Repayment Assistance Program established in this section.

### C.18A:71C-31.5 Household Income Affordable Repayment Plan.

2. a. To provide further assistance to borrowers who continue to face economic hardships after exhausting their eligibility for the Repayment Assistance Program, the Higher Education Student Assistance Authority shall establish a Household Income Affordable Repayment Plan for new loans originated under the Standard NJCLASS Loan Program beginning with the 2018-2019 academic year. Subject to the limits of funding made available pursuant to section 3 of this act, a borrower shall be eligible for the Household Income Affordable Repayment Plan upon exhausting the two-year eligibility period for the Repayment Assistance Program. Under the Household Income Affordable Repayment Plan, an eligible borrower shall be eligible to make reduced loan payments equal to 15 percent of the total of the aggregate household income of all of the parties to the loan that exceeds 150 percent of the federal poverty guidelines, with a minimum monthly payment of \$25.

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

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

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

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

C.18A:71C-31.6 Funding for programs included in bond indentures.

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

C.18A:71C-31.7 Regulations.

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

5. This act shall take effect immediately.

Approved April 25, 2019.