

NEW JERSEY ADMINISTRATIVE CODE

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TITLE 9A. HIGHER EDUCATION CHAPTER 10. STUDENT LOAN AND COLLEGE SAVINGS PROGRAMS SUBCHAPTER 6. THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM: POLICIES AND PROCEDURES

N.J.A.C. 9A:10-6.16 (2012)

§ 9A:10-6.16 Default and consequences of default

- a. Default occurs when a borrower fails to make an installment payment when due, or to meet other terms of the Promissory Note under circumstances where the Authority finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided failure to repay persists for:
 1. At least 180 days when payments are due monthly; or
 2. At least 240 days during the student's in-school period when payments are due less frequently than monthly.
- b. Upon default, the borrower and/or cosigner, if any, are liable for the entire balance of the loan. Upon default, the Authority shall notify credit bureaus of this negative information. Default may result in any or all of the following: expedited increase of interest rate, loss of State income tax refunds or State tax rebates, legal action, assessment of collection charges including attorney fees of up to 30 percent of the debt collected, loss of eligibility for other student aid, negative credit reports, administrative wage garnishment, offset of lottery prize winnings, and suspension of New Jersey occupational and professional license.

HISTORY:

Amended by R.2000 d.447, effective November 6, 2000.

See: 32 N.J.R. 2192(a), 32 N.J.R. 3987(a).

In (b), inserted "or State tax rebates" following "State income tax refunds" and inserted ", and suspension of New Jersey occupational license" following "lottery prize winnings".

Amended by R.2003 d.465, effective December 1, 2003.

See: 35 N.J.R. 2770(b), 35 N.J.R. 5415(b).

In (b), inserted a reference to cosigner following borrower in the first sentence, and inserted "and professional" following "occupational" in the last sentence.

Amended by R.2011 d.043, effective February 7, 2011.

See: 42 N.J.R. 1953(a), 43 N.J.R. 303(a).

In (b), inserted "expedited increase of interest rate," and "of up to 30 percent of the debt collected".