

[2.] iv. Inclusion of the results in the interactive online version of the New Jersey Hospital Performance Report available at <http://web.doh.state.nj.us/hpr/>; and

2. Inclusion of the results for ambulatory surgery facilities shall be made available on the Department's website at <http://www.state.nj.us/health/healthcarequality>.

HIGHER EDUCATION

(a)

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

Student Loan and College Savings Programs The New Jersey College Loans to Assist State Students (NJCLASS) Program: Policies and Procedures

Proposed Amendments: N.J.A.C. 9A:10-6.5, 6.8, 6.11, 6.12 and 6.13

Authorized By: Higher Education Student Assistance Authority,
Richard Garcia, Chairperson.

Authority: N.J.S.A. 18A:71A-1 et seq. and 18A:71C-21 et seq.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2011-190.

Submit written comments by November 5, 2011 to:

Marnie B. Grodman, Esquire
Administrative Practice Officer
Higher Education Student Assistance Authority
PO Box 545
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The agency proposal follows:

Summary

The Higher Education Student Assistance Authority (Authority) is statutorily responsible for the administration of the State's supplementary student loan program, the New Jersey College Loans to Assist State Students (NJCLASS), and for the promulgation of all rules to that effect, pursuant to N.J.S.A. 18A:71C-21 et seq.

NJCLASS ensures that loans are available to, or for the benefit of, eligible students who are not eligible for, or have additional financial need beyond, Federal student loans.

NJCLASS loans are funded by the sale of bonds. The interest rate on the NJCLASS loans is a pass through rate of the bond interest rate, associated costs of sale and other costs determined by the bond sale. It is necessary to amend the rules to provide the program with the flexibility needed to restructure the program annually in order to ensure the lowest possible interest rate for NJCLASS borrowers, as well as to reduce the number of borrowers defaulting on their loans.

N.J.A.C. 9A:10-6.5(b) is amended to clarify that, in addition to borrowers, co-signers may be required to submit financial information to the Authority to determine if they are creditworthy. This subsection is further amended to expand the scope of information that can be used to document a borrower and/or cosigner as creditworthy.

N.J.A.C. 9A:10-6.5(c) is amended to specify that income must be documentable for a borrower or cosigner to be determined creditworthy. Additionally, this subsection is amended to clarify the amount by which income must exceed Federal poverty guidelines in order for a borrower or cosigner to be eligible for an NJCLASS loan. The amended subsection references the terms of the bonds or notes used to fund the NJCLASS loans, which determine eligibility requirements.

N.J.A.C. 9A:10-6.5(d) is amended to clarify that a cosigner's credit history could result in a denial for an NJCLASS loan. New N.J.A.C. 9A:10-6.5(e) is added, which specifies that borrowers who do not meet income and credit requirements may be reconsidered with an eligible cosigner who meets the requirements.

N.J.A.C. 9A:10-6.8(a)1 and (2) are amended to allow for the loan fees to be added to the loan balance.

N.J.A.C. 9A:10-6.11(b) is amended to clarify the procedure borrowers use to select a repayment option. The amendments explain that eligibility for a specific repayment option may be restricted by the bond indentures; applications cannot be processed without the borrower selecting an option; and, that while the Authority will make best efforts to offer the borrower the selected option, if there is no available funding for the selected option, the loan offer will include the most similar available repayment option. This subsection is also amended to explain how the repayment option may affect the interest rate charged on the loan. Deferments of principal and interest, or principal only, may require increased interest rates, while shortened repayment terms may permit a decreased interest rate.

N.J.A.C. 9A:10-6.11(b)3 is amended to delete language referencing the increased interest rate for loans with a deferred principal and interest payment option. This language is superfluous to this paragraph as the subject is addressed in N.J.A.C. 9A:10-11(b).

N.J.A.C. 9A:10-6.11(c) is deleted because the 10-year repayment option for NJCLASS loans has been incorporated into N.J.A.C. 9A:10-6.11(b)1.

N.J.A.C. 9A:10-6.11(d), (e), (f), (g) and (h) are amended by recodifying the subsections as N.J.A.C. 9A:10-6-11(c), (d), (e), (f) and (g) due to the deletion of subsection (c).

Recodified N.J.A.C. 9A:10-6.11(f) is amended to clarify that the NJCLASS application specifies the amount of years in which a borrower must have the loan paid in full. Because loan terms effect interest rates, this amendment is intended to provide the flexibility needed to provide the lowest possible interest rate each year.

N.J.A.C. 9A:10-6.12 is amended to clarify the terms of deferments for NJCLASS loans with a 10-year repayment term. Replacing references to a 10-year NJCLASS loan, with references to an NJCLASS loan with a 10-year repayment term better represents that the 10-year option is not a distinct loan type.

N.J.A.C. 9A:10-6.13(f)1 is amended to specify that income must be documentable for a borrower or cosigner to be determined creditworthy. Additionally, this subsection is amended to clarify the amount by which income must exceed Federal poverty guidelines in order for a borrower or cosigner to be eligible for an NJCLASS loans. The amended subsection references the terms of the bonds or notes used to fund the NJCLASS loans, which determine eligibility requirements.

N.J.A.C. 9A:10-6.13(h)2 is amended pursuant to the Federal Truth in Lending Act, Regulation Z, 12 CFR 226 to specify that borrowers have 30 days to accept the loan offer.

N.J.A.C. 9A:10-6.13(h)4 is amended to replace reference to a "repayment" Disclosure Statement with reference to a "Pre-Disbursement" Disclosure Statement pursuant to the Federal Truth in Lending Act, Regulation Z, 12 CFR 226.

N.J.A.C. 9A:10-6.13(j) is amended to clarify the underlying interest rates used to calculate NJCLASS Consolidation Loan interest rates if the borrower is consolidating loans with 10- and 15-year repayment terms.

As the Authority has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The NJCLASS Program serves as this State's supplemental student loan program to help families complete their financial aid package in meeting higher education costs. The NJCLASS Program continues to experience significant growth and offers one of the lowest fixed rate supplemental loans in the nation. As the volume of loan applications continues to increase, the Authority seeks to maintain and improve service to applicants and borrowers. The proposed amendments provide further clarification of the policies and procedures governing the NJCLASS Program in the Authority's efforts to continue to improve efficiency and service.

Economic Impact

The proposed amendments implement the State supplemental student loan program, which makes postsecondary education accessible and affordable to thousands of New Jersey students and families. For the

State's NJCLASS Loan Program, in operation over the last 16 years, more than \$350 million was made available last year alone by the Authority in affordable NJCLASS loans. The entire cost of the program is self-generated through bond financing of NJCLASS loans. The NJCLASS Program offers one of the lowest fixed-rate supplemental loans in the nation. It is anticipated that the regulatory amendments will reduce interest rates on loans, as well as the rate of borrowers defaulting on their NJCLASS loans. In order to achieve lower default rates, the regulatory amendments change the standards necessary to establish creditworthiness, which may have a negative impact for co-applicants that do not qualify as a co-signer.

Federal Standards Statement

A Federal standards analysis is not required because the subject matter of this State student loan program is not subject to any Federal requirements or standards except for the standards for tax-exempt bonds, section 144(b) of the Federal Internal Revenue Code. NJCLASS loans funded by tax-exempt bonds are intended to qualify under the standards of section 144(b) of the Federal Internal Revenue Code, and do not exceed the standards of that section.

Jobs Impact

Because the NJCLASS Program administered by the Authority makes postsecondary education accessible to thousands of New Jersey students and their families, it promotes access to one of the keys to economic development: higher education. Programs so significant to the financing of a college trained New Jersey workforce can only be expected to add to the job opportunities in this State. It is not anticipated that the proposed amendments to this program will result in the generation or loss of jobs.

Agriculture Industry Impact

The proposed amendments will have no impact on the agriculture industry.

Regulatory Flexibility Statement

A regulatory flexibility analysis is not required because the proposed amendments to the NJCLASS Program do not impose reporting, recordkeeping or other compliance requirements on small businesses as defined by the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The Authority does not anticipate that any educational institution participating in this program would be covered by the definition of a small business because these entities have over 100 full-time employees. Additionally, NJCLASS loan applicants are not covered by the definition because they are individuals, not businesses.

Smart Growth Impact

The proposed amendments will have no impact on the achievement of smart growth and the implementation of the State Development and Redevelopment Plan.

Housing Affordability Impact Analysis

The proposed amendments will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the amendments would evoke a change in the average costs associated with housing. The proposed amendments are anticipated to lower interest rates on student loans and decrease the rate of borrowers defaulting on their student loans, which has no impact on the cost of housing.

Smart Growth Development Impact Analysis

The proposed amendments will have an insignificant impact on smart growth and there is an extreme unlikelihood that the amendments would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey. The proposed amendments are anticipated to lower interest rates on student loans and decrease the rate of borrowers defaulting on their student loans, which has no impact on the cost of smart growth development.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 6. THE NEW JERSEY COLLEGE LOANS TO ASSIST STATE STUDENTS (NJCLASS) PROGRAM: POLICIES AND PROCEDURES

9A:10-6.5 NJCLASS creditworthiness

(a) (No change.)

(b) The Authority may require that borrowers **or cosigners** submit to the Authority information that includes the most recent signed Federal Income Tax Return, including all schedules, and current pay stub **or other documentation of income, if applicable**. For joint filers, this documentation may include the current pay stub **or other documentation of income, if applicable**, of both filers.

(c) To be approved for a fixed rate NJCLASS loan, a creditworthy borrower or cosigner must have [an] **documentable** annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services. **The amount by which income must exceed Federal poverty guidelines is determined by the bonds or notes whose proceeds are funding the loan.**

(d) A borrower **or cosigner** with one or more of the items listed below in his or her credit history may be denied an NJCLASS loan for not being creditworthy. These items include delinquent accounts, paid and unpaid collection accounts, paid and unpaid charged off accounts, foreclosure, repossession, bankruptcy[,] or a paid or unpaid judgment. [However, a borrower in the NJCLASS fixed rate program may be eligible if the borrower is able to secure a creditworthy cosigner.]

(e) Borrowers who do not meet the income and credit requirements may be reconsidered with an eligible cosigner who does meet the requirements of this section.

9A:10-6.8 Fees

(a) A recipient of an NJCLASS loan shall be required to pay an application and an administrative fee to the Authority, which combined shall not exceed five percent of the total approved loan amount.

1. [These] **Pursuant to the loan disclosure statements accepted by the borrowers, these fees shall either be deducted from the loan proceeds or added to the loan balance. The bonds or notes whose proceeds are funding the loan determine whether the fees shall be deducted from the loan proceeds or added to the loan balance.**

2. For multiply disbursed loans, these fees shall be deducted **or added** in equal installments, from each loan disbursement.

(b) (No change.)

9A:10-6.11 Repayment of loan

(a) (No change.)

(b) **There are three repayment options for NJCLASS loans. Eligibility for each specific option may be restricted by the bond indentures.** Borrowers shall indicate preferred repayment options [on the] **while applying for an NJCLASS loan [application]. Applications cannot be processed until a repayment option is selected.** The Authority shall make best efforts, **based on available funding**, to offer borrowers the repayment option selected. [Should a borrower fail to indicate a preferred repayment option on both the NJCLASS Loan Application and Promissory Note, the Authority shall notify the borrower to select an option, and not process the application until the borrower has made the selection. There are] **If the selected option is unavailable the loan offer will include the most similar available repayment option. In exchange for the option of deferring both principal and interest or principal only, borrowers in the repayment schedule set forth in (b)2 and 3 below may be required to pay an increase over the regular interest rate in effect at the time of borrowing. In exchange for a shortened term for repayment, borrowers in the repayment schedule set forth in (b)1 below may receive a decrease from the regular interest rate in effect at the time of borrowing. The regular interest rate is established by the Authority pursuant to N.J.A.C. 9A:10-6.9(a). The interest rate differentials do not apply to NJCLASS variable interest rate loans. The three repayment options for an NJCLASS loan[,] are as follows:**

1.-2. (No change.)

3. Borrowers are not required to pay principal or interest until graduation, withdrawal or notification of less than half-time enrollment of the student on whose behalf the loan was obtained. Once one of these

circumstances occurs, the loan reverts to a repayment schedule as set forth in (b)1 above. However, interest accrued from the date of loan disbursement is deferred and capitalized (added to principal) on a quarterly basis for loans originated before June 9, 1997, and on an annual basis for loans originated on or after June 9, 1997. The first monthly payment of principal and interest shall be required within 60 days after the reversion date. [In exchange for the option of deferring both principal and interest, borrowers in the repayment schedule set forth in this paragraph are required to pay an increased interest rate, as established by the Authority pursuant to N.J.A.C. 9A:10-6.9(a), over the regular program interest rate in effect at the time of borrowing. The increased interest rate applies only to NJCLASS fixed rate loans and the NJCLASS Graduate/Professional Students loan, not NJCLASS variable interest rate loans.]

(c) In the case of a 10-year NJCLASS loan, borrowers begin to pay the principal and interest of the loan on a monthly basis. The first payment of principal and interest is due within 60 days after the loan is first disbursed.]

Recodify existing (d), (e) and (f) as (c), (d) and (e) (No change in text.)

(g) (f) Notwithstanding any periods of deferment and/or forbearance, [an] NJCLASS loans [disbursed prior to June 1, 2006] shall be paid in full [no later than 15 years from the first date of loan disbursement, an NJCLASS loan disbursed on or after June 1, 2006 shall be paid in full no later than 20 years from the first date of loan disbursement, and an NJCLASS Variable Rate loan, an NJCLASS Graduate/Professional Students loan and a MedNJ Loan shall be paid in full no later than 25 years from the first date of loan disbursement or the maximum repayment period stated on the loan disclosure, whichever is less. An NJCLASS Postgraduate loan shall be paid in full no later than 20 years from the first date of loan disbursement or the maximum repayment period stated on the loan disclosure, whichever is less] **within the amount of years from the date of first disbursement as specified in the NJCLASS Application, Promissory Note and disclosures. The amount of years in which a loan is to be repaid is determined by the bonds or notes whose proceeds are funding the loan.**

(h) (g) (No change in text.)

9A:10-6.12 Deferments and forbearance

(a) (No change.)

(b) The deferment begins on the date the borrower's qualifying status is certified to begin and ends on the date the borrower's qualifying status is certified to end. Maximum allowable time periods for all deferments except full-time and half-time study at an eligible institution shall not exceed **six months for loans with a 10-year repayment term**, 18 months for loans with a [15 year] **15-year** repayment term, 24 months for loans with a [20 year] **20-year** repayment term, 30 months for loans with a [25 year] **25-year** repayment term and 36 months for loans with a [30 year] **30-year** repayment term for an unemployment deferment, and for each of the remaining deferments, as established by the Authority. Deferments for [10-year] NJCLASS loans **with a 10-year repayment term** are limited to unemployment deferments [with a maximum allowable time period not to exceed six months].

(c)-(d) (No change.)

9A:10-6.13 Consolidation Loan Program

(a)-(e) (No change.)

(f) An NJCLASS Consolidation loan borrower and/or co-borrower shall meet minimum income requirements and be determined creditworthy by the Authority in order to be eligible for an NJCLASS Consolidation loan. Cosigners shall be required to meet the minimum income or creditworthy determination by the Authority if the borrower or co-borrower are unable to do so.

1. To be approved for an NJCLASS Consolidation loan, a creditworthy borrower, co-borrower or cosigner shall have [an] **documentable** annual income that exceeds Federal poverty guidelines, as adjusted annually by the United States Department of Health and Human Services. **The amount by which income must exceed Federal poverty**

guidelines is determined by the bonds or notes whose proceeds are funding the loan.

2. (No change.)

(g) (No change.)

(h) The process to borrow under the NJCLASS Consolidation Loan Program shall be as follows:

1. (No change.)

2. The Authority shall process the application and [the borrower will be notified by the Authority of his or her loan approval or disapproval] **upon approval will provide the applicant(s) an NJCLASS loan offer. Borrowers will have 30 days to accept the loan. Borrowers will not receive the NJCLASS Consolidation Loan unless they accept the offer.**

3. (No change.)

4. The Authority shall provide the borrower, co-borrower and cosigner, if any, with a completed [repayment] NJCLASS Consolidation Loan **Pre-Disbursement** Disclosure Statement [detailing due dates of required payments at the time of the Consolidation loan disbursement] **or other disclosures as required by Federal law.**

5. (No change.)

(i) (No change.)

(j) The interest rate on the NJCLASS Consolidation loan will be a fixed rate based upon the weighted average interest rate of all the underlying NJCLASS loans being consolidated plus 25 basis points. The interest rate of the underlying NJCLASS loan is calculated using a blending of the applicable initial and step-up interest rates disclosed to the borrower. If the interest rate of the underlying NJCLASS loan currently reflects the step-up interest rate, the step-up interest rate will be used solely in the calculation. If a variable rate NJCLASS loan **or an NJCLASS loan with a 10-year repayment term** is being included in the NJCLASS consolidation, [the applicable NJCLASS fixed interest rate for the academic year the variable rate loan was disbursed will be used in the calculation of the weighted average interest rate. In the event that a 10-year NJCLASS loan is included in the NJCLASS Consolidation Loan,] the rate used in the weighted average calculation will be the equivalent **15- or 20-year fixed rate [program] interest rate for the immediate repayment of principal and interest** in effect at the time of disbursement of the [10-year] **underlying** NJCLASS loan. Interest on an NJCLASS Consolidation loan will begin to accrue at the time of the loan disbursement.

(k)-(n) (No change.)

HUMAN SERVICES

(a)

DIVISION OF ADDICTION SERVICES

Licensure of Residential Substance Use Disorders Treatment Facilities

Proposed New Rules: N.J.A.C. 10:161A

Authorized By: Jennifer Velez, Commissioner, Department of Human Services.

Authority: N.J.S.A. 26:2BB-5 through 6, 26:2B-7 et seq., in particular 26:2B-14, 26:2G-1 et seq., and 30:1-12 and Reorganization Plan 002-2004.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2011-182.

Submit written comments by November 5, 2011 to:

Lynne Alexander
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120 South Stockton Street, 3rd Floor
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The agency proposal follows: