

## NJCLASS Consolidation Loan Terms and Conditions, as of April 2025

*Keep a copy of this document for your records.*

**ACH:** This is the process by which a monthly payment is auto-debited from a bank account. I understand that I can elect to participate in a recurring ACH for this loan, whereby my monthly payment amount is automatically debited from a bank account every month. If I elect to participate in the recurring ACH I will need to execute a separate ACH agreement. I further understand that as long as my loan is not in a deferment or forbearance, subject to the availability of funds, I may receive a 0.25% reduction to the interest accruing on my loan as long as I continue to participate in recurring ACH.

**Administrative Fee:** There is a 1% administrative fee added to the outstanding balance of the underlying loans being consolidated. The Pre Disbursement Disclosure Statement specifies the amount of the Administrative Fee.

**Approved Loan Amount:** This is the amount approved by HESAA and represents the amount of funds required to satisfy the outstanding loans included in this consolidation application, plus the administrative fee.

**Assignment:** I shall not assign my obligation under this Note.

**Bankruptcy:** This loan is an educational loan made by a governmental unit, and is subject to the exception to discharge of 11 U.S.C. §523(a)(8). This means that even if I complete a bankruptcy proceeding, my obligation to pay this Note may remain.

**Cancellation:** All parties to the loan have the right to cancel the loan within the 3-Day Right to Rescind period as disclosed on the Pre Disbursement Disclosure Statement.

**Collection Costs:** If I am in default, I agree to pay all amounts, including reasonable collection agency and attorneys' fees of up to 30% of the debt owed and court and other collection costs that you incur in effecting collection of this Note, up to the maximum permitted by law.

**Credit Bureau Reporting:** You may report information about my account to credit bureaus. Late payments, missed payments, or other defaults on my account may be reflected in my credit report. If I ask you, you will tell me if you have requested information about me from a consumer-reporting agency and provide me with the name and address of any agency that furnished you with a report. I am aware that if I believe you have reported inaccurate information concerning my NJCLASS loan to a consumer credit reporting agency, or if I believe I have been the victim of identity theft with regard to my NJCLASS loan, I can send a letter to HESAA Servicing, PO Box 543, Trenton, NJ 08625-0543, or at the updated address which you may provide to me at a later time on my billing statement or correspondence. My letter will include my name, address, telephone number, my NJCLASS loan number, the specific information that I am disputing and an explanation of the basis for my dispute, and all supporting documentation or other information in order to substantiate the basis of my dispute.

**Death or Disability:** I acknowledge that if any party to the loan other than the student beneficiary dies or becomes permanently disabled while any amount due under this Note remains unpaid, the other borrowers/cosigners to this Note will remain obligated to repay this Note in full. If there are no other obligors on this Note, the unpaid balance is forgiven upon notification and submission of acceptable proof in accordance with N.J.A.C 9A:10-6.17. I understand that if the student beneficiary dies or becomes totally and permanently disabled, the repayment responsibility is discharged for all remaining parties to the loan. Applications for discharge due to the total and permanent disability of the student beneficiary must include the Authority's application form and supporting documentation as defined under "Totally and Permanently Disabled" below. For applications for discharge due to the death of the student beneficiary, applicants must submit a certified copy of the student's death certificate to the Authority. In a NJCLASS Consolidation loan where a parent borrower consolidates underlying NJCLASS loans for more than one student into one new loan, if one of the students dies or becomes totally and permanently disabled the remaining portion of the original underlying loans associated with the deceased/disabled student will be discharged. The borrower remains responsible for repaying the remaining balance of the loan associated with the underlying loans for the other students.

**Default:** To the extent permitted by law, I will be in default and you may declare, without notice or demand, the entire unpaid amount of this Note, including principal, interest, late charges, all other charges, reasonable collection costs and all other costs, immediately due and payable if:

- A. I fail to make any payment to you when due, and HESAA reasonably concludes that I no longer intend to honor my obligation.
- B. I make an assignment for the benefit of creditors, have voluntary or involuntary bankruptcy proceedings instituted by or against me, or I am adjudicated incompetent or incapacitated.
- C. I make any statement or representation on the application and/or supporting documents for the Loan, or in any subsequent communication with you that is untrue, incorrect, or incomplete.
- D. I fail to perform any agreement or keep any promise contained in this Note.
- E. I am in default on any other loans that I may already have with you, or on any other loans I may have with you in the future.

Acceptance by HESAA of any payment, in whole or in part, of the amounts in arrears will not waive or affect any prior acceleration of this Note. HESAA may delay or fail to exercise or waive any of its rights on any occasion without losing its entitlement to exercise the right at any future time or on any future occasion. I waive presentment, demand, notice, protest and other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note. If I default, I will be required to pay interest on this loan accruing after default. All past due interest may, to the extent permitted by law, be capitalized and henceforth treated as part of the outstanding principal balance.

**Deferment:** I understand that NJCLASS loans are not subsidized and will continue to accrue interest, even while in Deferment, except in the case of temporary total disability of the student borrower.

**Discretionary:** HESAA, at its option, may grant a deferment of principal payments to the borrower(s) in cases when the borrower(s) is/are (a) currently unemployed and is conscientiously seeking but unable to find full-time employment, (b) enrolled in an eligible internship or residency program required by a state prior to certification for professional practice or service, (c) on active duty status in the Armed Forces, (d) in the Peace corps, or (e) on temporary total disability. If this Note was approved with a co-borrower, then the co-borrower must also simultaneously qualify for any of the discretionary deferments described in this paragraph. Eligible student borrowers who are approved for a deferment due to temporary total disability shall be granted a deferment of payment of loan principal, and interest shall not accrue during the period of deferment. HESAA will not grant an in school deferment at any time during the repayment of this loan.

**Disbursement:** This is the transfer of funds after the Loan Approval date whereby HESAA pays the underlying loans identified in this consolidation agreement and establishes a consolidation loan for the Approved Loan Amount. I understand that this Note will be binding on me if you agree to lend me money, but you have no obligation to agree to do so. You have the right not to make a loan or to lend an amount less than I am requesting and/or to reject my Co-borrower/cosigner(s). My contractual obligation on this Note begins on the date the loan is disbursed. You will send me the Pre-disbursement Disclosure required by law, and such statement is incorporated herein by this reference. Upon receipt of the Disclosure Statement, I will review it and notify you in writing if I have any questions. If any information on the Pre-disbursement Disclosure conflicts with the information on this Note, the information on the Pre-disbursement Disclosure governs.

**Disclosure Statements:** The borrower(s) and cosigner(s) will be provided a copy of the Pre-disbursement Disclosure detailing the interest rate for this Note, the amount of the payment, the number of payments that must be made, the number of years within which the payments must be made and other information. If any information on the Pre-disbursement Disclosure conflicts with the information on this Note, the information on the Pre-disbursement Disclosure governs.

**Forbearance:** I understand that NJCLASS loans are not subsidized and will continue to accrue interest, even while in Forbearance. HESAA may, at its discretion, grant borrower(s) periods of forbearance in the repayment of this Note. Forbearance may be granted for situations including, but not limited to, financial hardship. While on forbearance, a borrower is permitted a temporary cessation of principal payment and is temporarily permitted to make payments of interest only. If this Note was approved with a co-borrower, then the co-borrower must also qualify for forbearance and be approved, at HESAA's discretion.

**Interest:** The interest on this loan is a fixed rate. Interest is not subsidized, and will accrue during all periods of repayment, deferment and forbearance, except for during approved periods of temporary total disability of the student borrower. Interest shall accrue daily on the unpaid principal balance at the rate stated on the Pre Disbursement Disclosure Statement from the date of the loan disbursement until the date this Note is paid in full. Interest will be calculated on the basis of the actual number of days in the year and the actual number of days elapsed, including holidays and days on which you are not open.

**Governing Law and Jurisdiction:** The provisions of this Note shall be governed in all respects by applicable federal law, and the laws of the State of New Jersey without regard to conflict of law rules and subject to the exclusive jurisdiction of the courts of the State of New Jersey.

**Late Payment and Other Charges:** HESAA reserves the right to collect from the borrower(s) a late charge, not to exceed 6% of the required payment, if the borrower fails to pay part or all of a required payment within ten (10) days after a payment is due. HESAA reserves the right to collect a handling charge for each payment on this Note returned for any reason, including but not limited to insufficient funds or stop payment order.

**Modifications:** HESAA reserves the right to amend any terms, conditions, and/or definitions upon written notice to the borrower(s) and cosigner(s).

**Repayment:** I am responsible for repaying the entire Approved Loan Amount and also the interest for this loan in a timely manner in consecutive monthly installments made up of principal and interest until I have paid all of the principal, interest, charges and other costs that I may owe under this Note. My repayment term shall extend up to a 25-year period, if the beginning principal balance is \$60,000.00 or less; or up to a 30-year period, if the beginning principal balance is greater than \$60,000.00. In each case, the Repayment Period begins on the initial Consolidation Loan disbursement date. Authorized periods of deferment or forbearance do not extend the term. The first monthly installment shall be due as indicated on my first monthly billing statement, and shall be no more than 60 days following the initial loan disbursement date. Thereafter monthly payments shall be due on the same day of the month as the first payment was due. The amount of each monthly installment due shall be the amount necessary to fully amortize the then-current outstanding principal balance of this Note over the number of months remaining in the Repayment Period based upon the interest rate on this Note. I am not relieved of my responsibility and obligation to make such payments even if I do not receive billing statements or any other written notices from you. Payments will be applied first to unpaid interest and then to unpaid principal and then to unpaid costs and finally to unpaid fees, as permitted by applicable law. I may, at my option and without penalty, prepay all or any part of this Note at any time; however, any partial prepayment will not relieve me of my obligation to make regular monthly payments until this Note is paid in full. Since interest accrues daily upon the unpaid principal loan balance, if I make payments after my payment due dates, I may owe unpaid principal, unpaid interest, unpaid costs and unpaid fees, which are due and payable upon maturity of this Note.

**Student Beneficiary** is defined as the student whose education was financed by the underlying NJCLASS loans being consolidated into this NJCLASS Consolidation Loan.

**Student Borrower** is defined as the person whose education was financed by the underlying NJCLASS loans being consolidated into this NJCLASS Consolidation loan and who accepted the underlying loans as the "Borrower" on their Promissory Notes.

**Temporarily Totally Disabled** as used for a student borrower means that the student borrower is unable to work and earn money or attend school during the period needed to recover from the injury or illness. A student borrower shall be considered temporarily totally disabled even if the student borrower continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved. For all other parties to the loan, temporarily totally disabled means that an individual is unable to work and earn money or attend school during a period needed to recover from injury or illness.

**Totally and Permanently Disabled** as used for the student beneficiary means the condition of a student who is unable to work and earn money or attend school because of an injury or illness that is expected to continue indefinitely or result in death. If the student beneficiary is also the student borrower, the student borrower shall be considered totally and permanently disabled even if the student borrower continues to receive an equal or greater amount of income from the source of income that was used to meet the minimum income requirements at the time the loan was approved. For all other parties to the loan, totally and permanently disabled means the condition of any individual who: has been determined by the United States Secretary of Veterans' Affairs to be unemployable due to a service-connected disability; is eligible for Social Security Disability Insurance or Supplemental Security Income and whose next scheduled disability review will be five to seven years or more from the date of the individual's last Social Security Administration disability determination; or is unable to work and earn money or attend school because of any medically determinable physical or mental impairment, as certified by a doctor of medicine or a doctor of osteopathy who is legally licensed to practice in the United States, that is expected to result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months. A borrower is not considered totally and permanently disabled on the basis of a condition that existed at the time he or she applied for the loan, unless the borrower's condition has substantially deteriorated later.

**Transfer of Promissory Note:** This Note may be transferred to a holder other than HESAA. Such transfer shall not affect the rights and responsibilities of the parties as set forth. This Note is not intended to be a negotiable instrument and a subsequent holder of this Note cannot be a holder in due course.

**Underlying Loans:** Existing NJCLASS loans paid off by the NJCLASS Consolidation loan. These loans do not include previously existing NJCLASS Consolidation loans. The borrower may lose eligibility for underlying loan benefits and repayment options, including but not limited to income-based repayment, loan forgiveness, and loan redemption programs that are currently, or prospectively might be, offered to eligible underlying loan borrowers.

**Miscellaneous:**

A. My responsibility for paying this Note is unaffected by the liability of any other person to you or me for repayment of this Note or by your failure to notify me that a required payment has not been made.

B. Should any provision of this Note be held invalid or unenforceable, in whole or in part, such provision (or part of such provision) shall be deemed omitted from this Note, and the validity and enforceability of the remaining provisions of this Note shall not be affected thereby.

C. I understand that if I provide HESAA with my cell phone number, the number for any other wireless device or any service for which the called party is charged for the call at any time I am providing HESAA and their agents and contractors with express written consent to contact me on that number, both directly and with automatic dialing systems, by human operators and/or artificial or prerecorded voice or text messages with regards to the status of my application, award, or account for HESAA grant, scholarship, college savings, loan or any other program administered by HESAA. I understand that my consent is not a condition of purchase of any good or service, or a condition of eligibility for, or receipt of, funding under any of above mention HESAA programs.

I will send written notice to you within 10 days after any change in my name, address, or telephone number. Any notice required to be given to me by HESAA will be considered effective when mailed to the latest address which HESAA has for me or any other obligor of this Note, unless I select to receive notices electronically, in which case notice is considered effective when emailed to the latest email address HESAA has for me. I must notify you or your agent(s) in writing of information changes to my application and I must update the information on my Note whenever asked to do so. If this Note is executed by more than one borrower, each borrower agrees that any communication between you and any of the borrowers will be binding on all of the borrowers and that the provisions of this Note will apply to all borrowers jointly and severally.

D. My obligation as cosigner under this Note is unconditional and absolute. I waive all notices to which I might be entitled by law as a Surety of the Borrower's obligations hereunder. I waive all suretyship defenses that might be available to me (including, without limitation, contribution, subrogation, and exoneration). I agree that the Borrower may agree to any forbearance or other modification of the repayment schedule and that such agreement will be binding on me. It shall not be necessary for you to resort to or exhaust your remedies against the Borrower before calling upon me to make repayment.

**Statement of the Military Annual Percentage Rate ("MAPR"):** Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).