

18A:72-12

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:72-12 (Student loan checks--payable to student and college)

LAW S OF: 1983 CHAPTER: 151

Bill No: S1453

Sponsor(s): Ewing and others

Date Introduced: June 3, 1982

Committee: Assembly: Higher Education and Regulated Professions

Senate: Education

Amended during passage: Yes // Amendments during passage denoted by asterisks

Date of Passage: Assembly: April 11, 1983

Senate: Dec. 20, 1982

Date of Approval: April 22, 1983

Following statements are attached if available:

Sponsor statement: Yes // (Below)

Committee statement: Assembly Yes //

Senate Yes //

Fiscal Note: /// No

Veto Message: /// No

Message on Signing: Yes //

Following were printed:

Reports: /// No

Hearings: /// No

Sponsors' statement:

This bill would require lending institutions to make student loan checks issued pursuant to the "higher education assistance authority law" (N.J.S. 18A:72-1 et seq.) payable jointly to the student the college to forward student tuition credits to the lender to be used in repayment of the student loan.

4-23-83

[OFFICIAL COPY REPRINT]

SENATE, No. 1453**STATE OF NEW JERSEY**

INTRODUCED JUNE 3, 1982

By Senator EWING, DUMONT, GALLAGHER and FELDMAN

Referred to Committee on Education

AN ACT concerning the "higher education assistance authority law"
and amending N. J. S. 18A:72-12.

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

1 1. N. J. S. 18A:72-12 is amended to read as follows:

2 18A:72-12. Approval and granting of loan; incentive fees.

3 (1) Upon approval by the authority of a loan application, any
4 lender may make the loan as approved and upon the terms and
5 conditions required under this chapter, but no moneys shall be
6 advanced or paid under any such loan until the applicant shall
7 have satisfied the authority and, unless the authority is the lender,
8 the authority shall have certified to the lender, that the applicant
9 has been admitted to, or is in regular attendance and in good stand-
10 ing at a qualified institution of collegiate grade approved by any
11 regional accrediting association recognized by the national com-
12 mission on accrediting or approval by the Board of Higher Educa-
13 tion, a qualified post-secondary nondegree institution of higher
14 education or any other eligible institution. Any lender making a
15 loan shall co-operate with the authority in supervising the use of
16 credit in accordance with its purposes. *The check representing the*
17 *loan proceeds shall be made payable to the applicant and eligible*
18 *institution, jointly*, except when the applicant is attending an*
18A *eligible institution not located in the United States or when the*
18B *loan is made to the parent of an eligible student, in which instance*
18C *the check may be made payable to the applicant only.**

19 (2) Notwithstanding the provisions of section 18A:72-11 or of

Matter printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted November 29, 1982.

20 subsection 1 of this section, the authority may approve a loan for
21 the purposes of this chapter after it has been made by a lender and
22 the proceeds thereof disbursed by the lender for the purposes of
23 this chapter, provided such loan would have been approved by the
24 authority and prior application been made therefor pursuant to
25 section 18A:72-11. A loan which is so approved after it has been
26 made shall, from the time of its approval, be treated for all pur-
27 poses of this chapter in the same manner as if such loan had been
28 applied for and approved by the authority prior to its making, and
29 the lender making such loan shall have the same rights under this
30 chapter in respect to such loans as it would have had if the loan had
31 been applied for and approved by the authority prior to its making.

32 (3) As an incentive to lenders to make loans under this chapter,
33 the authority may, by resolution of the members thereof, provide
34 for the payment to lenders of an incentive fee solely with respect
35 to loans made, placed or guaranteed after August 1, 1969, which
36 incentive fee shall be computed on any one of the following bases:
37 (i) a single fee at the rate not exceeding $\frac{1}{2}$ of 1% computed on the
38 amount of each such loan for the period from the making of such
39 loan, to the date repayment begins; or (ii) a single fee not to exceed
40 \$25.00 per borrower, per academic year; or (iii) such other form
41 and amount of incentive fee as shall be fixed from time to time by
42 rule of the authority.

43 (4) *If an eligible institution determines during the term of a*
44 *loan that the student debtor is entitled to a credit against tuition*
45 *or other fees, such credit shall be made directly to the lender who*
46 *shall deduct the amount of the credit from the loan balance.*

1 2. This act shall take effect ***immediately*** *on June 1, 1983*.

23 this chapter, provided such loan would have been approved by the
24 authority and prior application been made therefor pursuant to
25 section 18A:72-11. A loan which is so approved after it has been
26 made shall, from the time of its approval, be treated for all pur-
27 poses of this chapter in the same manner as if such loan had been
28 applied for and approved by the authority prior to its making, and
29 the lender making such loan shall have the same rights under this
30 chapter in respect to such loans as it would have had if the loan had
31 been applied for and approved by the authority prior to its making.

32 (3) As an incentive to lenders to make loans under this chapter,
33 the authority may, by resolution of the members thereof, provide
34 for the payment to lenders of an incentive fee solely with respect
35 to loans made, placed or guaranteed after August 1, 1969, which
36 incentive fee shall be computed on any one of the following bases:
37 (i) a single fee at the rate not exceeding $\frac{1}{2}$ of 1% computed on the
38 amount of each such loan for the period from the making of such
39 loan, to the date repayment begins; or (ii) a single fee not to exceed
40 \$25.00 per borrower, per academic year; or (iii) such other form
41 and amount of incentive fee as shall be fixed from time to time by
42 rule of the authority.

43 (4) *If an eligible institution determines during the term of a*
44 *loan that the student debtor is entitled to a credit against tuition*
45 *or other fees, such credit shall be made directly to the lender who*
46 *shall deduct the amount of the credit from the loan balance.*

1 2. This act shall take effect immediately.

STATEMENT

This bill would require lending institutions to make student loan checks issued pursuant to the "higher education assistance authority law" (N. J. S. 18A:72-1 et seq.) payable jointly to the student the college to forward student tuition credits to the lender to be used in repayment of the student loan.

ASSEMBLY HIGHER EDUCATION AND REGULATED
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1453

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JANUARY 27, 1983

The Assembly Higher Education and Regulated Professions Committee favorably reports Senate Bill No. 1453 (Official Copy Reprint) which requires that the check for a guaranteed student loan be made payable jointly to the student and the institution he is attending. However, if the applicant is attending a foreign school or when the loan is made to the parent of the student, then the check may be made payable solely to the applicant.

The bill also provides that any tuition credit due to the student be made to the lender and used in repayment of the loan.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE No. 1453

with Senate committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 29, 1982

PROVISIONS:

This bill requires that the check for a guaranteed student loan be made payable jointly to the student and the institution he is attending.

COMMITTEE AMENDMENTS:

The committee amended this bill to exclude foreign institutions, which are designated as eligible under federal law and regulations. Also, the Higher Education Assistance Authority administers the Parent Loan program (P. L. 1981, c. 206 C. 18A:72-11). Since these checks are made directly to the parent of the eligible student, the committee clarified the intent of the bill by specifically excluding parent loans.

Also, at the request of the department, the effective date was changed to allow time to make the administrative changes in the loan procedures.

OFFICE OF THE GOVERNOR

RELEASE: IMMEDIATELY

CONTACT: PAUL WOLCOTT

MONDAY, APRIL 25, 1983

Governor Thomas H. Kean has signed the following bills:

A-346, sponsored by Assemblyman William E. Flynn, (D-Middlesex), which authorizes municipal courts to issue consent orders directing indigent defendants who have defaulted on fines or restitution to participate in municipal work programs.

A-3260, sponsored by Assemblyman D. Bennett Mazur, (D-Bergen), which clarifies the new property tax exemption for newly constructed single family homes applies only to those homes for which construction began on or after December 29, 1982, the date of enactment of the new property tax exemption.

S-1319, sponsored by State Senator Frank E. Rodgers, (D-Hudson), which increases the interest charged on late payments to the Passaic Valley Sewerage Commission from the present 6 to 12 percent.

S-1740, sponsored by State Senator Edward T. O'Connor, Jr., (D-Hudson), which makes the wearing or use of a bullet-resistant body armor during the commission of serious crimes a criminal offense.

S-1453, sponsored by State Senator John H. Ewing, (R-Somerset), which requires lending institutions to make student loan payment checks payable jointly to the student and the college, or, in the case of foreign institutions, the student and a parent. The bill is intended to prevent the use of student loan funds for personal purposes.

A-1226, sponsored by Assemblyman John T. Hendrickson, Jr., (R-Ocean), which excludes retirement communities owned by non-profit corporations from inspection under the Hotel and Multiple Dwelling Law and provides for a self-inspection program in lieu of State inspections.

#