

17:9A-53.2 ET SEQ.

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:9A-53.2 to 17:9A-53.11

Laws of 1975 Chapter 287

Bill No. A1735

Sponsor(s) Burstein

Date Introduced May 9, 1974

Committee: Assembly Banking & Insurance

Senate Education

Amended during passage Yes ~~No~~

Amendments during passage denoted by asterisks.

Date of passage: Assembly February 13, 1975

Senate May 27, 1975

Date of approval January 12, 1976

Following statements are attached if available:

Sponsor statement	Yes	No
Committee Statement: Assembly	Yes	No
Senate	Yes	No
Fiscal Note	Yes	No
Veto message	Yes	No
Message on signing	Yes	No

Following were printed:

Reports	Yes	No
Hearings	Yes	No

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4 such loans for the payment of which a person is liable to the bank-
 5 ing institution in any capacity, and $\frac{3}{4}$ of 1% on the excess over
 6 \$10,000.00 owing on all such loans for the payment of which a
 7 person is so liable to the banking institution. Interest shall be
 8 calculated according to the actuarial method, pursuant to which
 9 payments made on the loan are applied first to accumulated interest
 10 on the principal amount of the loan and the remainder applied to
 11 the unpaid principal balance of the loan in reduction thereof. All
 12 payments shall be applied no later than the next day, other than a
 13 Sunday or a public holiday, after the date of receipt, and a day
 14 shall be counted as one-three hundred sixty-fifth of a year.

1 4. No banking institution shall make an educational loan or an
 2 advance on an educational loan for the payment of which any
 3 person shall be liable to the banking institution in any capacity,
 4 if the amount of such loan or advance, and the amounts owing on
 5 all other educational loans for the payment of which such person
 6 is so liable to such banking institution, will, in the aggregate exceed
 7 \$20,000.00; provided that not more than \$7,500.00 shall be advanced
 8 on any educational loan in any 12-month period.

1 5. No banking institution shall make an educational loan, or an
 2 advance on an educational loan which is disbursed in more than
 3 one advance, which is repayable in more than 7 years. For the
 4 purposes of this section an educational loan shall be deemed to be
 5 made each time an advance is made thereon.

1 6. No security shall be taken for an educational loan, but this
 2 prohibition shall not preclude a banking institution from requiring
 3 one or more endorsers or guarantors of such loan.

1 7. When pursuant to an agreement between a banking institution
 2 and a borrower, an educational loan will be disbursed in more than
 3 one advance, the principal amount immediately following an ad-
 4 vance shall be the amount owing on such loan immediately before
 5 such advance is made, plus the principal amount of the advance
 6 then being made.

1 8. Educational loans shall be repaid in such manner and shall be
 2 subject to such terms and conditions not inconsistent with this act
 3 as the parties thereto may agree upon*; *except that no banking in-*
 4 *stitution shall make any further interest or charge or demand in con-*
 5 *nection with such loan, other than those expressly authorized by*
 6 *subsections A (3) and B (3) of section 55 of P. L. 1948, c. 67*
 7 *(C. 17:9A-55)*.*

1 9. When a person liable for the payment of an educational loan
 2 consents in writing thereto, the banking institution may obtain or
 3 provide either or both credit life insurance and credit health in-

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ASSEMBLY, No. 1735

STATE OF NEW JERSEY

INTRODUCED MAY 9, 1974

By Assemblyman BURSTEIN

Referred to Committee on Banking and Insurance

AN ACT pertaining to educational loans made by banking institutions and supplementing "The Banking Act of 1948," approved April 29, 1948 (P. L. 1948, c. 67).

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

1 1. As used in this act:

2 a. "Banking institution" includes State-chartered banks,
3 Federally-chartered banks, and mutual savings banks;

4 b. "Educational loan" means a loan which is represented by
5 the borrower to the banking institution to be made for either or
6 both the following purposes: (1) defraying the cost of attendance
7 at a college or university of one or more students; and (2) defray-
8 ing the cost of attendance of one or more pupils at an elementary
9 or secondary school. An educational loan may consist of a single
10 advance or of two or more advances made pursuant to an agreement
11 governing, or a commitment to make, such loan;

12 c. "College or university" includes, but is not limited to, any
13 qualified institution of collegiate grade, located in this State or
14 elsewhere which is approved by any regional accrediting associa-
15 tion recognized by the National Commission on Accrediting, or
16 approved by the Board of Higher Education of New Jersey; and
17 also includes any "other eligible institution," and "any post-
18 secondary nondegree institution of higher education" as defined
19 in the "Higher Education Assistance Authority Law," chapter 72
20 of Title 18A of the New Jersey Statutes.

1 2. In addition to such other loans which banking institutions are
2 authorized by law to make, such institutions may make educational
3 loans upon the terms and conditions prescribed by this act.

1 3. A banking institution may make educational loans and may
2 charge and collect interest thereon at a rate not in excess of 1%
3 per month on the first \$10,000.00 of the principal sum owing on all

4 surance on such person, pursuant to chapter 29 of subtitle 3 of
5 Title 17B of the New Jersey Statutes, and may deduct and retain
6 from the proceeds of such loan an amount equal to the premium
7 lawfully charged by the insurer issuing such insurance. If there
8 is more than one person who is liable for the payment of such loan,
9 insurance may be obtained as herein authorized only upon one of
10 such persons. Nothing in any law of this State shall prohibit a
11 banking institution or any employee thereof from collecting the
12 premium or identifiable charge for such insurance, or prevent a
13 banking institution from receiving or retaining any dividend or
14 other gain or advantage resulting from such insurance.

1 10. Nothing in this act shall be construed to apply to any loan
2 or extension of credit which a banking institution may make pur-
3 suant to any other law of this State or any regulation promulgated
4 pursuant to such law, nor shall this act be construed as prescribing
5 an exclusive method for the making of loans for educational
6 purposes.

1 11. This act shall take effect immediately.

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STATEMENT

The purpose of this bill is to permit banking institutions to make unsecured loans for educational purposes on the terms and conditions therein expressed.