



Repayment Assistance Program

Questions & Answers

1. What is RAP?

RAP is the Repayment Assistance Program, available for Standard NJCLASS loans. RAP provides payment relief when all parties to the loan are facing financial hardship. Subject to the availability of funds, for a time period not to exceed two years (730) days, the monthly payment amount on an eligible NJCLASS loan shall be reduced to 10% of the total of the household income of all of the parties to the loan that exceeds 150% of the federal poverty guidelines for their family size, with a minimum monthly payment of \$5. Interest that accrues during the RAP period will be paid by HESAA. All other payments received while in RAP shall be applied to reduce principal.

2. What loans are eligible for RAP?

Subject to the availability of funds, Standard NJCLASS loans are eligible for RAP as long as they are not in default. Additionally, NJCLASS Consolidation Loans and ReFi+ loans disbursed between 2017 and 2019 may be eligible for RAP as disclosed in the Terms and Conditions of the loan.

3. Could some of my loans be eligible for RAP when others are not?

RAP eligibility is tied to a specific loan. In addition, the determination of RAP eligibility is based on the household income of all parties to the specific loan. If you have multiple NJCLASS loans with different cosigners, one loan may be eligible while another is not.

Example: Jessie cosigns loans for children Casey and Sam. The payment amount for each loan is \$400 per month. Immediately following graduation Casey moves out of Jessie's household and starts working. Casey's household size is 1 and the household income is \$3000 per month. Sam does not get a job and remains part of Jessie's household. Jessie's household size is 2 and her household's income is \$5000 per month.

Ten percent (10%) of the total of the household income of all of the parties to Casey's loan that exceeds 150% of the poverty guidelines for household sizes of 1 and 2 equals \$446.25. Since the RAP payment would be higher than the \$400 NJCLASS payment, Casey's loan is not eligible for RAP.

Ten percent (10%) of the total of the household income of all of the parties to Sam's loan that exceeds 150% of the poverty guidelines for a household size of 2 is \$297. Since this amount is less than the \$400 NJCLASS loan payment, Sam's loan is eligible for RAP.

4. What is the 150% of the federal poverty guideline?

The current 150% of the U.S. Health and Human Services Department (HHS) Poverty Guidelines can be found at:

<http://www.uscourts.gov/sites/default/files/poverty-guidelines.pdf>

5. Whose income is included in determining the RAP payment?

The income of all parties to the loan, as well as the income of their spouses or domestic partners is included in determining the RAP payment.

6. How is my family size determined?

Family size is the total number of dependents claimed by all of the parties to the loan, and their spouses or domestic parties, on their most recent tax returns, whether taxes are filed jointly or separately. Family size includes any child or person that lives with the party and receives more than half of their support from the party. Support includes: money, gifts, loans, housing, food, clothes, car, medical and dental care, and payment for college costs.

7. I am eligible for income based repayment for my federal loans; am I automatically eligible for RAP?

Eligibility for federal income based repayment (IBR) does not make you automatically eligible for RAP. You must submit a RAP application with the required documentation to determine if you are eligible for RAP.

8. What happens if I miss a RAP payment?

When a RAP payment is 30 days late the loan will be reported to the credit reporting agencies as 30 days delinquent. If the delinquency reaches 60 days, in addition to being reported as delinquent the loan will be removed from the RAP and will be returned to the standard repayment plan based on your promissory note. The loan will continue to be reported as delinquent until the payments are brought current or the loan defaults, at which time it will be reported as defaulted.

Once a delinquent loan is brought current, you will be able to reapply to receive your remaining RAP eligibility time, subject to the availability of funds.

9. Is my loan forgiven at the end of the RAP period?

Your loan is not forgiven at the end of the RAP period. However, since HESAA will pay all interest that accrues during RAP, and all other payments made by you and your family will be applied to principal, your principal balance will be lower post-RAP.

10. Will my payments be lower after the RAP period?

The amount of your post-RAP payments is dependent on the size of the payments made while in RAP and the time remaining to repay your loan post-RAP. HESAA will pay all interest that accrues during RAP, and all other payments made by you and your family will be applied to lower the principal balance. At the end of the RAP term, your loan will be re-amortized based on the new lower principal balance and the amount of time remaining in your loan term. In addition, your payments may be higher post-RAP if there was unpaid accrued interest on your loan prior to the RAP period.

11. Do I have to remain in RAP for the full two years?

You do not have to remain in RAP for the full two years. If your family's circumstances improve while you are enrolled in RAP, you can contact HESAA to advise that you want to exit the program. If your family experiences further financial difficulty in the future, you will be able to reapply to receive your remaining RAP eligibility time, subject to the availability of funds.

Example: The Jamison family enrolls in RAP on January 1, 2021. They are eligible to remain in the program for up to two years (730 days). Alexis Jamison gets a new job and no longer needs repayment assistance beginning on August 1, 2021. Alexis contacts HESAA and advises that she no longer wants to remain in RAP and wants to save her remaining eligible days in case she needs assistance in the future. Alexis loses her job in 2023 and again the family needs assistance making NJCLASS payments. Since funding is available when the Jamison family applies for additional RAP assistance the family will be enrolled in the program for up to 517 days.

12. Am I eligible for new NJCLASS loans while enrolled in RAP?

If you are a party to any loan that is enrolled in RAP, you are not eligible to take out a subsequent NJCLASS loan. If you were the student only, and not a party to the loan that is enrolled in RAP, you remain eligible for NJCLASS loans.

13. Am I eligible for any other deferments or forbearances while enrolled in RAP?

Loans enrolled in RAP are not eligible for any other deferments or forbearances. In order to receive a deferment or forbearance the loan must be returned to regular repayment.

Example: Brett is enrolled in RAP and is returning to school. Since the loan was originally an Option 3 loan, Brett would like to return the loan to an in-school deferment of principal and interest. Brett must notify HESAA that they would like to withdraw from the RAP program to be eligible for the in-school deferment. Brett's remaining days of RAP eligibility will be saved in case they have a need for assistance in the future.

14. What happens if one of the parties to the loan files for bankruptcy?

If one of the parties to the loan files for bankruptcy the loan will return to the standard repayment plan based on your promissory note. While interest will accrue for the duration of the bankruptcy, depending on the type of bankruptcy, you may not be billed for loan payments during that time period. Once the bankruptcy is discharged you are eligible to apply for additional RAP assistance for any days of RAP eligibility that remain.

15. If my cosigner does not want to fill out the RAP application, can I still participate in the program?

To participate in RAP all parties to the loan must fill out the RAP application and provide the requested documentation. RAP eligibility is based on the household income of all parties to the loan because all parties to the loan are responsible to make NJCLASS payments.

16. How do I apply for RAP?

When funding is available the application for RAP can be found on HESAA's website at www.njclass.org. In order to be considered for participation the completed application must be signed by all parties to the loan and all requested documentation must be submitted with the application. Upon acceptance into the RAP program, HESAA will send families a RAP agreement to sign. The signed agreement must be returned to HESAA within 21 days of receipt. Families should continue making their regular NJCLASS payments until they are advised to begin making the lower RAP payments.