

MEMO

Committee Substitute for 2nd Sponsor Substitute for House Bill 272

List of Statutes included in Section 2

Section 2 AS 14.43.171 is amended to read:

Sec. 14.43.171. Applicability of other laws. The provisions of AS.14.43.120(d)(4), 14.43.122, **14.43.123**, 14.43.135, 14.43.140, 14.43.145 – 14.43.160, 14.43.164, 14.43.166, and 14.43.168 apply to the loans made under AS 14.43.170 – 14.43.175 as if the loans were made under those applicable provisions.

Statute Titles:

Sec. 14.43.120(d)(4). Conditions of loans.

Sec. 14.43.122. Consolidation of loans.

Sec. 14.43.135. Discrimination prohibited.

Sec. 14.43.140. Enforceability of certain contracts with minors.

Sec. 14.43.145. Default.

Sec. 14.43.147. Order to withhold and deliver.

Sec. 14.43.148. Nonrenewal of license.

Sec. 14.43.149. Lien.

Sec. 14.43.150. Order to assign wages for defaulted loan.

Sec. 14.43.151. Authority and procedure to administratively establish and enforce a collection order.

Sec. 14.43.152. Initiation of administrative action to establish a collection order; required notice.

Sec. 14.43.153. Hearings in administrative action to establish a collection order; burden of proof.

Sec. 14.43.154. Collection orders as judgments.

Sec. 14.43.155. Nature of remedies.

Sec. 14.43.160. Definitions.

Sec. 14.43.164. Use of loan.

Sec. 14.43.166. Repayment of loans.

Sec. 14.43.168. Default.

Sec. 14.43.170. Creation; purpose.

Sec. 14.43.171. Applicability of other laws.

Sec. 14.43.172. Eligibility.

Sec. 14.43.173. Loan award maximums; use of loan award.

Sec. 14.43.174. Interest.

Sec. 14.43.175. Repayment of loans.

Full Statutes:

Sec. 14.43.120. Conditions of loans.

(d) Education loans may not be made to a student

(4) to attend an institution if the total amount of education loans made to students to attend that institution exceeds \$100,000 and the default rate on those loans is (A) greater than 20 percent but less than 25 percent, and the institution is unable to reduce its default rate within 24 months after the rate determination; or (B) equal to or greater than 25 percent for two consecutive calendar years; for purposes of this paragraph, the default rate shall be determined by the commission for each annual group of loans required to be repaid under (g) of this section on or after July 1, 1996; if an education loan is refused based on the provisions of this paragraph and, under a subsequent default rate determination, an institution's default rate does not exceed the limits established under this paragraph, the commission may not refuse to issue an education loan to attend that institution based on the provisions of this paragraph.

Sec. 14.43.122. Consolidation of loans.

(a) The commission may offer

(1) a borrower who has received more than one education loan the option of consolidating the multiple loans into a single loan; or

(2) to consolidate education loans made to married borrowers if the married borrowers agree to be jointly and severally liable for repayment of the consolidated loan, regardless of the borrowers' future marital status or the death of one of the borrowers.

(b) *[Repealed, Sec. 31 ch 63 SLA 2004].*

Sec. 14.43.135. Discrimination prohibited.

The programs established under this chapter shall be carried out without regard to the applicant's or participant's race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations.

Sec. 14.43.140. Enforceability of certain contracts with minors.

A written obligation entered into by a minor at least 16 years of age, evidencing a loan or other assistance received by the minor from any person for the purpose of furthering the minor's education in a career education program or an institution of higher learning, is enforceable against the minor with the same effect as if the minor were, at the time of its execution, 18 years of age, if the person making the loan has before making the loan a certification from the institution that the minor is enrolled in the institution or has been accepted for enrollment.

Sec. 14.43.145. Default.

(a) For the purposes of this chapter, a loan is in default after a loan payment has become 180 or more days past due or, for a loan under AS 14.43.161 - 14.43.168 or 14.43.170 - 14.43.175, the default requirements established by the commission have been met. Upon default,

- (1) repayment of the remaining balance is accelerated and due;
- (2) the commission may take the borrower's permanent fund dividend under AS 43.23.067;
- (3) the commission may issue an order to withhold and deliver under AS 14.43.147;
- (4) the commission may provide notice of the default to a licensing entity for nonrenewal of the license under AS 14.43.148;
- (5) the commission may record the lien created under AS 14.43.149; and
- (6) the commission may establish an administrative collection order under AS 14.43.151 - 14.43.155.

(b) The commission shall notify the borrower of the default, and the consequences of default imposed under (a) of this section, by mailing a notice to the borrower's most recent address provided to the commission by the borrower or obtained by the commission.

(c) A borrower may appeal a notice of default by filing a statement with the executive director, within 30 days after the date of the notice, requesting that the loan status be reviewed. AS 44.62 (Administrative Procedure Act) does not apply to the review of default under this section. The borrower has the burden to show that, at the time of the notice of default, (1) no loan payment was more than 180 days past due or, for a loan under AS 14.43.161 - 14.43.168 or 14.43.170 - 14.43.175, the default requirements established by the commission had not yet been met; or (2) that the borrower entered into, and was in compliance with, a default forbearance agreement with the commission. Within 40 days after receiving a written request for

review, the director shall inform the borrower in writing of the executive director's decision. The decision of the executive director is a final decision that may be appealed to the superior court under the Alaska Rules of Appellate Procedure.

Sec. 14.43.147. Order to withhold and deliver.

(a) Thirty days after the date a notice of default under [AS 14.43.145](#)(b) is mailed or the date of the decision of the executive director under [AS 14.43.145](#)(c), whichever is later, the commission may issue an order to withhold and deliver property to a person, or agency or political subdivision of the state, who the commission has reason to believe possesses property due, owing, or belonging to the borrower.

(b) The order to withhold and deliver shall be served personally or by certified mail, return receipt requested, upon the person, or agency or political subdivision of the state, possessing the property. The order must state the amount of the borrower's liability and include notice of the terms of this section. All real and personal property, including earnings, that are due, owing, or belonging to the borrower are subject to an order to withhold and deliver.

(c) A person, or agency or political subdivision of the state, served with an order to withhold and deliver, is required to make true answers under oath and in writing to inquiries contained in the order within three weeks after service of the order and to all inquiries subsequently made.

(d) Upon receipt of the order, the person, or agency or political subdivision of the state, shall immediately withhold property due, owing, or belonging to the borrower and shall deliver the property to the commission after three weeks have expired from the date of the service of the order. Money shall be delivered by remittance payable to the order of the commission.

(e) An employer shall withhold the earnings of a borrower subject to an order at each succeeding interval of payment until the entire amount of the debt stated in the order has been withheld. An employer may, for each payment made under an order to withhold and deliver, deduct \$5 from other wages or salary owed to the borrower.

(f) If a borrower who is subject to an order terminates employment, the employer shall promptly notify the commission and provide the borrower's last known home address and the name and address of the borrower's new employer, if known. The employer shall keep a record of the order for two years after the borrower terminates employment. If the employer reemploys the borrower within that two-year period, the employer shall immediately reimplement the order unless the employer has received notice of satisfaction under (j) of this section.

(g) An employer may not discharge, discipline, or refuse to employ a borrower on the basis of an order issued under this section. A person who violates this subsection or a regulation adopted to implement it is liable for a civil penalty of not more than \$10,000. The employee may seek restitution or reinstatement from the employer.

(h) A person, or agency or political subdivision of the state, who complies with an order to withhold and deliver that is regular on its face is not subject to civil liability to an individual or agency for conduct in compliance with the notice. A state agency that complies with an order to withhold and deliver that is regular on its face is not required to pay interest under AS 37.05.285 for failure to make timely payment to the borrower.

(i) An order to withhold and deliver under this section is subject to the exemptions under AS 09.38.

(j) Upon satisfaction of a loan obligation, the commission shall, within 15 working days, notify all persons served with an order under this section that the order is no longer in force. If the commission receives money under an order after satisfaction of the loan, the commission shall within 15 working days return the overpayment to the borrower. If the commission fails to return an overpayment as required under this subsection, the commission is liable to the borrower for the amount of the overpayment, plus legal interest under AS 45.45.010.

(k) If a person, or agency or political subdivision of the state, knowingly fails to make an answer to an order under this section within the time prescribed, or knowingly fails to honor an order under this section, the person, or agency or political subdivision of the state, is liable to the commission in an amount equal to 100 percent of the amount that is the basis of the order, together with costs, interest, and reasonable attorney fees. In this subsection, "knowingly" has the meaning given in AS 11.81.900.

(l) A borrower against whom an order has been served under this section may apply for relief to the superior court.

Sec. 14.43.148. Nonrenewal of license.

(a) Notwithstanding any other provision of law, a licensing entity may not renew a license issued to a borrower if the licensing entity has received notice from the commission that the licensee is in default on a loan made by the commission. If the licensee has appealed the determination of default status, the commission shall notify the licensing entity and renewal may not be denied under this section unless and until the appeal has been concluded and the default status affirmed. Unless a temporary license is issued under (c) of this section, the denial of renewal is effective at the beginning of that renewal period. Denial of renewal of a license shall continue until the licensing entity receives notice of a release from the commission. If a license is denied under this section, the licensing entity shall refund the renewal fee less the temporary license fee, if any.

(b) The licensing entity shall provide written notice of the denial of renewal of the license by giving written notice to the licensee or sending the notice to the licensee's last known mailing address on file with the licensing entity. The licensing agency shall include with the notice a form to request review under (d) of this section; the form must include the commission's address and telephone number. The notice must inform the licensee of the temporary license granted under (c) of this section if the applicant is otherwise eligible and that, upon expiration of that time period, renewal of the license will be denied unless the licensing entity receives a notice of release under (f) of this section from the commission.

(c) A licensing entity shall issue a temporary license valid for the first 150 days of the renewal period to a licensee whose license renewal is denied under this section if the licensee is otherwise eligible for renewal. Only one temporary license may be issued during a renewal period. The licensing entity shall adopt by regulation a fee for issuance of a temporary license under this section; the amount of the fee shall be set so that the fees collected under this section, to the extent reasonable, cover the costs of implementing and administering this section.

(d) Within 30 days after receiving the notice under (b) of this section, the licensee may request review by the commission. AS 44.62 (Administrative Procedure Act) does not apply to the denial of renewal of a license under this section. Within 30 days after receiving a written request for review, the executive director shall inform the applicant in writing of the executive director's findings. The executive director's finding is a final decision that may be appealed to the superior court under the Alaska Rules of Appellate Procedure.

(e) For the purpose of review under (d) of this section, the licensee has the burden to show that

(1) the commission has not sent a notice of default in compliance with AS 14.43.145(b);

(2) the notice of default has been rescinded after review under AS 14.43.145(c); or

(3) the licensee has met the requirements of (f) of this section.

(f) The commission shall provide a notice of release to the licensing entity if the licensee

(1) pays all costs of collection and the interest and principal that would have been due if the loan had not been accelerated; or

(2) has negotiated a payment schedule with the commission after the loan is in default and has made complete and timely payments under the negotiated agreement for the four most recent and consecutive months.

(g) Notwithstanding (a) of this section, the denial of renewal of a teacher's certificate is effective not sooner than the end of the contract year after the commission has notified the teacher of the default status of the loan as provided under AS 14.43.145.

(h) In this section,

(1) "license"

(A) means, except as provided in (B) of this paragraph, a license, certificate, permit, registration, or other authorization that, at the time of issuance, will be valid for more than 150 days and that may be acquired from a state agency to perform an occupation, including the following:

(i) license relating to boxing or wrestling under AS 05.10;

(ii) authorization to perform an occupation regulated under AS 08;

- (iii) teacher certificate under [AS 14.20](#);
- (iv) authorization under [AS 18.08](#) to perform emergency medical services;
- (v) asbestos worker certification under [AS 18.31](#);
- (vi) boiler operator's license under [AS 18.60.395](#);
- (vii) certificate of fitness under [AS 18.62](#);
- (viii) hazardous painting certification under [AS 18.63](#);
- (ix) certification as a municipal correctional, correctional, probation, or parole officer under [AS 18.65.245](#);
- (x) security guard license under [AS 18.65.400](#) - 18.65.490;
- (xi) license relating to insurance under [AS 21.27](#);
- (xii) employment agency permit under [AS 23.15.330](#) - 23.15.520;
- (xiii) registration as a broker-dealer, an agent, a state investment adviser, or an investment adviser representative under [AS 45.55.030](#);
- (xiv) certification as a pesticide applicator under [AS 46.03.320](#);
- (xv) certification as a storage tank worker or contractor under [AS 46.03.375](#);
- (xvi) certification as a water and wastewater works operator under [AS 46.30](#); and

(B) does not include

- (i) a commercial fishing license under [AS 16.05.480](#), including a crewmember fishing license;
- (ii) a vessel license issued under [AS 16.05.490](#) or 16.05.530;
- (iii) *[Repealed, Sec. 43 ch 57 SLA 2005]*.
- (iv) a business license issued under [AS 43.70](#);
- (v) an entry permit or interim-use permit issued under [AS 16.43](#); or
- (vi) a driver's license issued under [AS 28.15](#);

(2) "licensee" means a person holding a license or applying to renew a license;

(3) "licensing entity" means the state agency that issues or renews a license; in the case of a license issued or renewed by the Department of Commerce, Community, and Economic Development after an applicant's

qualifications are determined by another agency, "licensing entity" means the Department of Commerce, Community, and Economic Development.

Sec. 14.43.149. Lien.

(a) The amount owing on a loan that is in default under this chapter, including principal, interest, and collection costs, is a lien upon all property and right to property, real or personal, belonging to the borrower. The lien arises at the time that the commission mails or otherwise delivers a notice of default under AS 14.43.145(b) and continues until the balance of the loan, including principal, interest, and collection costs, is paid in full.

(b) A lien created under (a) of this section is

(1) not valid against a mortgagee or other lienholder, pledgee, purchaser, or judgment creditor until notice of the lien is recorded in the records of the recording district where the property subject to the lien is situated; and

(2) subject to AS 40.19.040(d).

Sec. 14.43.150. Order to assign wages for defaulted loan.

(a) In a court proceeding regarding a defaulted loan under this chapter in which the court has entered judgment in favor of the commission, the court may, on its own motion or motion of the commission, after notice and an opportunity for hearing, order the loan recipient to assign to the commission that portion of salary or wages due the loan recipient currently and in the future in an amount sufficient to pay the amount ordered by the court to be repaid to the commission.

(b) The order of assignment is binding upon an employer upon service of a copy of the order upon the employer and until further order of the court or until the employment of the obligee is terminated. The employer may, for each payment made under the order, deduct \$1 from other wages or salary owed to the employee.

(c) An employer may not terminate an employee's employment because wages of the employee are subject to an order under this section.

(d) An assignment of wages authorized under this section that is made under court order has priority as against an attachment, execution, or other assignment, except for an assignment for payment of child support under AS 25.27.070, restitution to a crime victim authorized under AS 12.55.045, or as otherwise ordered by the court.

Sec. 14.43.151. Authority and procedure to administratively establish and enforce a collection order.

If a judgment in favor of the commission has not been entered by the court regarding a defaulted loan awarded under this chapter, the commission may establish a duty to repay the defaulted loan through a

collection order using the procedures prescribed in [AS 14.43.152](#) - 14.43.155 and may enforce the collection order. Action under this section may be undertaken at the commission's discretion if the borrower is in default under [AS 14.43.145](#).

Sec. 14.43.152. Initiation of administrative action to establish a collection order; required notice.

(a) An action to establish a collection order authorized under [AS 14.43.151](#) is initiated by the commission's serving on the borrower a notice of establishment of collection order. The notice shall be served by mailing the notice to the borrower at

- (1) the borrower's most recent address provided to the commission by the borrower; or
- (2) another address known to the commission.

(b) The notice served under (a) of this section must state

- (1) the amount of the liability for default under [AS 14.43.145](#) for which the borrower is found to be responsible; the amount stated under this paragraph shall include all principal, interest, and collection fees;
- (2) that a lien may be recorded against the borrower's property as authorized under [AS 14.43.145\(a\)\(5\)](#);

(3) that the borrower may appear at a hearing held by the commission and show cause that a collection order should not be entered because, at the time of the notice,

(A) no loan payment was more than 180 days past due or, for a loan under [AS 14.43.161](#) - 14.43.168 or 14.43.170 - 14.43.175, the default requirements established by the commission had not yet been met; or

(B) the borrower had entered into, or was in compliance with, an agreement to forbear default with the commission; and

(4) that, if the borrower served with the notice does not request a hearing within 30 days after the date of mailing of the notice, a collection order will be entered and the property of the borrower will be subject to a lien under [AS 14.43.149](#) in the amount stated in the collection order without further notice or hearing.

Sec. 14.43.153. Hearings in administrative action to establish a collection order; burden of proof.

(a) A borrower served with a notice of establishment of collection order under [AS 14.43.152](#) is entitled to a hearing before the commission if the request for a hearing is served on the commission by registered mail, return receipt requested, within 30 days after the date the notice is mailed to the borrower.

(b) If a request for a hearing in accordance with (a) of this section is made, the issuance of a collection order is automatically stayed pending the decision of the hearing officer for the commission. If a request for a hearing is not made, the collection order is final at the expiration of the 30-day period specified in (a) of this section.

(c) A borrower claiming that the notice is incorrect has the burden at hearing to document the existence of one of the conditions described in [AS 14.43.152](#)(b)(3)(A) and (B).

(d) Within 60 days after the date of the hearing, the hearing officer shall enter a decision determining whether default has occurred and, if default has occurred, specifying the amount of the collection order and declaring that the property of the borrower is subject to a lien under [AS 14.43.149](#) in the amount of the collection order.

(e) If the borrower who requested the hearing fails to appear at the hearing, the hearing officer shall enter a decision

(1) confirming that a default has occurred;

(2) confirming the amount of the collection order;

(3) declaring that the property of the borrower is subject to a lien under [AS 14.43.149](#) in the amount stated under (2) of this subsection.

(f) The decision of the hearing officer is a final decision that may be appealed to the superior court under the Alaska Rules of Appellate Procedure.

Sec. 14.43.154. Collection orders as judgments.

A collection order is equivalent to a judgment and becomes vested

(1) at the expiration of the 30-day period described in [AS 14.43.153](#)(b) if a hearing is not requested; or

(2) on the date the hearing officer enters a decision in favor of the commission if a hearing was requested by the borrower.

Sec. 14.43.155. Nature of remedies.

[AS 14.43.154](#) provides a remedy in addition to and not as a substitute for any other remedies available to the commission.

Sec. 14.43.160. Definitions.

In [AS 14.43.091](#) - 14.43.160, unless the context otherwise requires,

(1) "career education" means a course or program in vocational-technical training or education approved by the commission;

(2) "federally insured" means a loan covered by the provisions of 20 U.S.C. 1001 - 1155, as amended;

(3) "full-time student" means an undergraduate or career education student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit or the equivalent during the semester or a

graduate student who is enrolled and is in regular attendance at classes for at least nine semester hours of credit or the equivalent; any combination of semester hours of credit, or the equivalent, aggregating to the requisite number of semester hours and undertaken during a semester at two or more public or private institutions of higher education constitutes full-time student status;

(4) "half-time student" means an undergraduate, graduate, or career education student who during the semester is enrolled and is in regular attendance at classes at one or more public or private institutions of higher education for at least a total of six semester credit hours or an equivalent of six semester credit hours, and includes a career education student enrolled and in regular attendance in classes for at least 15 hours a week;

(5) "school year" means an academic period that is a minimum of 30 weeks of instructional time that begins between September 1 of one year and August 31 of the following year;

(6) "summer term" means the period from June 1 through August 31.

Article 05 . ALASKADVANTAGE LOAN PROGRAM

Sec. 14.43.164. Use of loan.

A borrower may use a loan under [AS 14.43.161](#) - 14.43.168 only for postsecondary education and reasonably related purposes as authorized by the federal guaranteed student loan program.

Sec. 14.43.166. Repayment of loans.

A borrower's obligation to commence repayment of the principal and interest on a loan under [AS 14.43.161](#) - 14.43.166 and 14.43.168 begins six months after the borrower's completion or other termination of the postsecondary education program. The commission may accelerate the repayment of any loan made in error or in reliance upon a false statement made by the borrower. The commission shall determine the period over which loans are repaid; however, the maximum period of repayment of loans may not exceed the maximum period permitted under applicable provisions of the federal guaranteed student loan program.

Sec. 14.43.168. Default.

(a) The commission shall establish the default requirements for loans made under [AS 14.43.161](#) - 14.43.168; however, the requirements may not be less restrictive than those established by the federal guaranteed student loan program.

(b) The provisions of [AS 14.43.145](#) - 14.43.155 apply to loans under [AS 14.43.161](#) - 14.43.168 that are in default.

Article 06 . ALASKA SUPPLEMENTAL EDUCATION LOAN PROGRAM

Sec. 14.43.170. Creation; purpose.

There is created the Alaska supplemental education loan program to provide postsecondary educational supplemental financial assistance. Supplemental financial assistance is available only if the financial aid available through the AlaskAdvantage loan program is insufficient to cover the costs of attendance at a postsecondary institution or if the borrower does not qualify for financial aid under the federal guaranteed student loan program. The commission shall make the public aware of the Alaska supplemental education loan program to facilitate providing loans to as many eligible borrowers as possible.

Sec. 14.43.171. Applicability of other laws.

The provisions of AS 14.43.120(d)(4), 14.43.122, 14.43.135, 14.43.140, 14.43.145 - 14.43.160, 14.43.164, 14.43.166, and 14.43.168 apply to the loans made under AS 14.43.170 - 14.43.175 as if the loans were made under those applicable provisions.

Sec. 14.43.172. Eligibility.

(a) For a borrower to be eligible for a loan under AS 14.43.170 - 14.43.175, the borrower must be, or be about to be, enrolled in a postsecondary institution on at least a half-time basis and must be

(1) a resident of this state

(A) attending or about to attend a postsecondary institution that has been approved by and has executed a program participation agreement with the commission; or

(B) attending or about to attend an approved federal family education loan institution; or

(2) physically present in this state and attending or about to attend an approved federal family education loan institution located in this state.

(b) To meet the residency requirement of (a) of this section, the borrower must meet the standards set out in AS 14.43.162(b).

(c) In addition to the provisions of (a) of this section, a borrower is eligible for a loan under AS 14.43.170 - 14.43.175 if the borrower

(1) is not delinquent in payment on a loan previously awarded by the commission;

(2) at the time of application or loan disbursement, does not have a past due child support obligation established by court order or by the child support services agency under AS 25.27.160 - 25.27.220;

(3) has not, within the previous five years, had a loan discharged or written off by the commission for any reason;

(4) does not have a status, at the time of application for a loan or disbursement of loan money, that would prevent the borrower from repaying the loan as it becomes due;

(5) has not, within the previous five years, defaulted on another loan made to the borrower by a lending entity unless the borrower can show good faith efforts to repay the loan and extraordinary circumstances that led to the default;

(6) has a credit history, at the time of application for a loan, that demonstrates an ability and willingness to pay an extension of credit or loan as it becomes due; and

(7) has complied with the military selective service registration requirements imposed under 50 U.S.C. App. 453 (Military Selective Service Act), if those requirements were applicable to the person.

(d) The commission may not make a loan to a borrower who has been in default on a loan previously awarded by the commission unless the previously awarded loan has been paid in full.

(e) Notwithstanding (c)(4) - (6) of this section, the commission may make a loan to a borrower if another individual who satisfies the requirements of (c) of this section cosigns the loan.

(f) The commission may withhold disbursement of a loan if the borrower no longer meets the eligibility standards set out in this section.

(g) A borrower who is attending a postsecondary institution in this state that has been approved by the commission but is not an approved federal family education loan institution must also comply with and meet any other requirements established by the commission.

Sec. 14.43.173. Loan award maximums; use of loan award.

(a) In a school year, the commission may make a loan to an eligible borrower under AS 14.43.170 - 14.43.175 attending an eligible postsecondary institution not to exceed

(1) \$8,500 to an eligible undergraduate student attending a college or university;

(2) \$9,500 to an eligible graduate student attending a college or university;

(3) \$6,500 to an eligible student attending a career education program.

(b) The commission may not award loans made under AS 14.43.170 - 14.43.175 to a borrower for more than

(1) a total of \$42,500 for undergraduate study;

(2) a total of \$47,500 for graduate study; or

(3) a combined total of \$60,000 for undergraduate and graduate study.

(c) To maintain a loan award under [AS 14.43.170](#) - 14.43.175, the borrower must continue to be in good standing as determined by the institution and approved by the commission.

Sec. 14.43.174. Interest.

(a) The interest rate on a loan made under [AS 14.43.170](#) - 14.43.175 shall be set by the corporation, but the annual rate may not exceed 8.25 percent. Interest on a loan made under [AS 14.43.170](#) - 14.43.175 accrues from the time the loan is disbursed.

(b) A borrower may elect to make payments of interest that is payable during the borrower's term of attendance at the postsecondary institution or during certain deferment periods authorized by the commission; however, the commission shall capitalize any unpaid interest as part of the principal to be repaid as agreed, or upon graduation, withdrawal, or completion of the deferment period.

Sec. 14.43.175. Repayment of loans.

A borrower's obligation to commence repayment of the principal and interest on a loan under [AS 14.43.170](#) - 14.43.175 begins six months following the borrower's completion or other termination of the postsecondary program or the date that the borrower ceases to be enrolled on at least a half-time basis. The commission shall set the repayment terms of a loan under [AS 14.43.170](#) - 14.43.175.

Article 07 . MEMORIAL EDUCATION REVOLVING LOAN FUND