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IN THE HOUSE

BY MR. SANDERS

HOUSE BILL NO. 434

IN THE LEGISLATURE OF THE STATE OF ALASKA

SECOND LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act to provide for loans to graduates of Alaska high schools who would otherwise not be able to attend an institution of higher learning; and creating a special fund to accomplish this purpose."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

Section 1. PURPOSE. The purpose of this Act is to insure that no graduate of an Alaska high school is unable to attend an institution of higher learning merely because he cannot afford it.

Sec. 2. LOANS AUTHORIZED; ADMINISTRATION. a. The commissioner of education is authorized and directed to lend money to qualified applicants under the terms and conditions of this Act.

b. The commissioner may, by regulation, delegate administration of loans to colleges and universities in Alaska. He may authorize colleges and universities in Alaska to select which of the applicants are to receive loans, under standards specified in regulations of the commissioner.

Sec. 3. QUALIFICATIONS. Only graduates from Alaska high schools are eligible for loans under this Act.

Sec. 4. TERMS OF LOANS. a. The total of the loans to a student for a fiscal year, under this Act, may not exceed \$1,500. The total for all years to a student may not exceed \$6,000.

b. The commissioner shall, by regulation, specify terms and conditions of loans so as to utilize money available for loans

1 most effectively. In addition to terms and conditions specified
2 by the commissioner,

3 (1) the commissioner shall lend money only to a student
4 who (a) is in need of the amount of the loan to pursue a course of
5 study at a college or university in Alaska, or, if there is no
6 college or university in Alaska that offers a course of study the
7 applicant chooses to pursue, at a college or university at which
8 he can pursue that course of study, (b) is capable, in the opinion
9 of the commissioner, of maintaining good standing in his course
10 of study, and (c) has been accepted for enrollment as a full-time
11 student at a college or university, or, in the case of a student
12 already attending a college or university, is in good standing
13 and in full-time attendance there either as an undergraduate or
14 graduate student;

15 (2) a loan shall be evidenced by a note or other
16 written agreement which provides for repayment of the principal
17 amount and interest in equal annual installments, or, if the
18 borrower requests it, in graduated periodic installments (deter-
19 mined in accordance with a schedule approved by the commissioner)
20 over a period beginning one year after the date on which the
21 borrower ceases to pursue a full-time course of study at a college
22 or university and ending 11 years after that date, except that (a)
23 interest shall not accrue on a loan and periodic installments need
24 not be paid during a period (i) during which the borrower is pur-
25 suing a full-time course of study at a college or university, or
26 (ii) not more than three years during which the borrower is a
27 member of the Armed Forces of the United States, (b) a period
28 mentioned in (a) of this subdivision is not included in determin-
29 ing the ten-year period during which the repayment must be

1 completed, (c) the ten-year period may be extended for good cause
2 determined under regulations of the commissioner, and (d) the
3 borrower may at his option accelerate repayment of the whole or
4 any part of a loan;

5 (3) interest on the unpaid balance of a loan is three
6 percent a year, but no interest accrues before the date on which
7 repayment of the loan is to begin;

8 (4) the commissioner shall lend money without security
9 and without endorsement, unless the borrower is under 19 years of
10 age, in which case the commissioner may require security or an
11 endorsement;

12 (5) the liability to repay a loan is canceled upon the
13 death of the borrower, or upon his permanent and total disability,
14 as determined in accordance with regulations of the commissioner;

15 (6) no note or other evidence of a loan may be trans-
16 ferred or assigned unless (a) the note is held by a college or a
17 university, and (b) the borrower transfers to another college or
18 university eligible, under regulations of the commissioner, to
19 administer loans, in which case the note shall be transferred to
20 that college or university.

21 Sec. 5. PAYMENT OF LOANS. Payments on principal amounts of
22 and interest on loans made under this Act shall be paid into the
23 special fund created by Sec. 6 of this Act.

24 Sec. 6. SPECIAL FUND CREATED. There is created in the
25 Department of Revenue a special fund. The special fund consists
26 of the 52½ percent of the mineral lands leasing money returned to
27 the state under Sec. 35, 41 Stat. 450, as last amended by Sec. 28
28 (b), 72 Stat. 351, and of money paid into it under Sec. 5 of this
29 Act. The special fund shall be used for the purposes of this Act,

1 as directed by the legislature.

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