

Original sponsors: Sturgulewski, Kerttula,  
Stimson and Dankworth

Offered: 6/21/81

1 IN THE SENATE

BY THE FREE CONFERENCE COMMITTEE

2 FREE CONFERENCE CS FOR SENATE BILL NO. 120

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to undergraduate and graduate scholar-  
7 ship loans; and providing for an effective date."

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

9 \* Section 1. AS 14.40.759 is amended to read:

10 Sec. 14.40.759. UNDERGRADUATE LOANS. The committee may make a  
11 loan, not to exceed \$6,000 [\$3,000] in any one school year, to an  
12 undergraduate student eligible under AS 14.40.765.

13 \* Sec. 2. AS 14.40.761 is amended to read:

14 Sec. 14.40.761. GRADUATE LOANS. The committee may make a loan,  
15 not to exceed \$7,000 [\$5,000] in any one school year, to a graduate  
16 student who is eligible under AS 14.40.765 and is pursuing an advanced  
17 degree.

18 \* Sec. 3. AS 14.40.763(c) is amended to read:

19 (c) To maintain a loan the student must continue to be enrolled  
20 as a full-time student in good standing in a career education program,  
21 college or university designated under (b) of this section. The com-  
22 mission shall adopt regulations defining "good standing" for purposes  
23 of this subsection.

24 \* Sec. 4. AS 14.40.763(d) is amended to read:

25 (d) Scholarship loans may not be made to a student  
26 (1) for more than five years of undergraduate study;  
27 (2) for more than five years of graduate study;  
28 (3) for more than a total of eight [SIX] years of under-  
29 graduate and graduate study.

1 \* Sec. 5. AS 14.40.763(g) is repealed and reenacted to read:

2 (g) Repayment of the principal and interest on the loan begins no  
3 later than one year after the borrower terminates his studies. The  
4 loan shall provide for repayment of the total amount owed in periodic  
5 installments in not more than 10 years from the commencement of repay-  
6 ment, except as provided in (k) and (m) of this section. If the com-  
7 mission and the borrower agree to a different repayment schedule, the  
8 borrower shall repay the loan in accordance with the agreement. A  
9 borrower may make payments earlier than required by this subsection.

10 \* Sec. 6. AS 14.40.763(i) is amended to read:

11 (i) If a loan is in default, the commission shall [MAY] notify  
12 the borrower [STUDENT] that repayment of the remaining balance is  
13 accelerated and due by sending the borrower [STUDENT] a notice by  
14 registered or certified mail.

15 \* Sec. 7. AS 14.40.763(j) is repealed and reenacted to read:

16 (j) A portion of a loan shall be paid on behalf of the borrower  
17 by the state if, upon completion of the course of study for which the  
18 loan was granted, the borrower is a resident of the state for at least  
19 two years. The portion of the loan that shall be paid by the state is  
20 the following percentages of the total loan received plus interest up  
21 to a total of 50 percent of the total loan:

- 22 (1) two - three years residence in the state, 10 percent;  
23 (2) three - four years residence in the state, an additional  
24 10 percent;  
25 (3) four - five years residence in the state, an additional  
26 10 percent;  
27 (4) five - six years residence in the state, an additional  
28 10 percent;  
29 (5) over six years residence in the state, an additional 10

1 percent.

2 \* Sec. 8. AS 14.40.763(m) is amended to read:

3 (m) In case of hardship, the committee may extend repayment of a  
4 loan for an additional period of up to five years in increments no  
5 longer than 12 [SIX] months each [, WITHIN THE 15-YEAR REQUIREMENT OF  
6 (g) OF THIS SECTION].

7 \* Sec. 9. AS 14.40.763 is amended by adding new subsections to read:

8 (o) The provisions of (j) of this section do not apply to a loan  
9 to a borrower named in a complaint as a defendant in an action by the  
10 state or by the commission to secure payment of the unpaid balance of a  
11 loan made under AS 14.40.759 or 14.40.761.

12 (p) For purposes of this section, a person qualifies as a resident  
13 if the person is physically present in the state with the intent to  
14 remain permanently in the state or, if not physically present in the  
15 state, the person intends to return to the state and is absent due to  
16 military service.

17 \* Sec. 10. AS 14.40.765 is repealed and reenacted to read:

18 Sec. 14.40.765. ELIGIBILITY OF STUDENTS. (a) A person may apply  
19 for and obtain a scholarship loan if the person

20 (1) is a resident of the state at the time he applies for a  
21 scholarship loan;

22 (2) meets the requirements of (b) of this section; and

23 (3) is

24 (A) enrolled as a full-time student in a career educa-  
25 tion or associate or baccalaureate or graduate degree program; or

26 (B) a graduate of a high school, or scheduled for  
27 graduation from a high school within six months, with sufficient  
28 credits to be admitted to a career education program or to an  
29 accredited college or university.

1 (b) In addition to the requirements of (a) of this section, to  
2 obtain a scholarship loan a person must have been a resident of the  
3 state for at least two years at the time he applies for the loan. For  
4 purposes of this subsection, a person qualifies as a resident of the  
5 state if at the time he applies for the loan the person

6 (1) has been present in the state for at least two years  
7 unless his absence from the state during any part of the two years was  
8 due to military service; or

9 (2) is a person who is dependent on a parent or guardian for  
10 his care, and the parent or guardian has been present in the state for  
11 at least two years.

12 \* Sec. 11. AS 14.40.763(n) and 14.40.806(4) are repealed.

13 \* Sec. 12. The reenactment of AS 14.40.763(j) in sec. 7 of this Act  
14 applies to any student who has obtained a scholarship loan under AS 14.40.-  
15 751 - 14.40.806 since July 1, 1971.

16 \* Sec. 13. This Act takes effect July 1, 1981.  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29