

Offered: 4/29/85  
Referred: Rules

Original sponsor: Binkley

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 161 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to the interest rate, loan condi-  
7 tions and repayment provisions of scholarship loans;  
8 and providing for an effective date."

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

10 \* Section 1. AS 14.43.120(c) is amended to read:

11 (c) To maintain a loan the student must continue to be enrolled  
12 as a full-time student in good standing, or as a part-time student in  
13 good standing in more than one institution for a total number of  
14 credits equivalent to a full-time student in a career education pro-  
15 gram, college or university designated under (b) of this section. The  
16 commission shall adopt regulations defining "good standing" for pur-  
17 poses of this subsection.

18 \* Sec. 2. AS 14.43.120(f) is amended to read:

19 (f) Interest on a loan given under AS 14.43.090 - 14.43.160 is  
20 at the rate of eight [FIVE] percent a year unless the loan is in  
21 default. Interest on a loan that is in default is 10 percent a year  
22 for the period the loan is in default.

23 \* Sec. 3. AS 14.43.120(g) is amended to read:

24 (g) Repayment of the principal and interest on the loan begins  
25 no later than six months [ONE YEAR] after the borrower's studies are  
26 terminated. The loan shall provide for repayment of the total amount  
27 owed in periodic installments in not more than 10 years from the  
28 commencement of repayment, except as provided in (k) and (m) of this  
29 section. Interest shall accrue as provided in (f) of this section.

1 but the borrower shall be allowed to repay the loan at a five percent  
2 interest rate for the first three years of the repayment period, with  
3 the extra accrued interest to be paid in later years. If the commis-  
4 sion and the borrower agree to a different repayment schedule, the  
5 borrower shall repay the loan in accordance with the agreement. A  
6 borrower may make payments earlier than required by this subsection.  
7 \* Sec. 4. This Act takes effect July 1, 1985.