

Sixtieth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1487

Introduced by

Representatives Carlson, Dahl, Glassheim, Thoreson

Senator Hacker

1 A BILL for an Act to create a low-interest student loan program; to provide a transfer; and to  
2 provide a continuing appropriation.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. Low-interest student loan - Terms and conditions - Revolving fund -**  
5 **Continuing appropriation.**

- 6 1. The Bank of North Dakota shall maintain a revolving loan fund known as the  
7 low-interest student loan fund for the purpose of allowing the Bank to make or  
8 participate in low-interest loans to eligible students. All moneys transferred into the  
9 fund, interest upon moneys in the fund, and payments to the fund of principal and  
10 interest on loans made from the fund are appropriated for the purpose of providing  
11 loans under this section.
- 12 2. The Bank of North Dakota shall administer and supervise the low-interest student  
13 loan fund and loans made from the fund. The Bank shall follow federal student  
14 loan guidelines when offering and approving any forbearance or deferment options  
15 to borrowers under this section. The Bank may deduct a service fee for  
16 administering the fund from interest payments received on loans.
- 17 3. The Bank may establish additional terms and conditions and do all things  
18 necessary to make a loan or participate in a loan under this section.
- 19 4. The interest rate on a loan made from the low-interest student loan fund is two  
20 percent per year.
- 21 5. To be eligible for a loan under this section, an individual must:  
22 a. Be a North Dakota resident;  
23 b. Have graduated from either a North Dakota high school or a high school in a  
24 bordering state in accordance with chapter 15.1-29;

- 1           c. Be a student in good standing at an institution of higher education in this  
2           state; and
- 3           d. Annually complete and submit the free application for federal student aid form  
4           to the Bank in order to demonstrate financial need.
- 5       6. An individual may receive up to three thousand dollars during the first year, up to  
6       four thousand dollars during the second year, and up to five thousand dollars  
7       during each of the third and fourth years. An individual may not receive more than  
8       seventeen thousand dollars in loans under this section.
- 9       7. Any loan made under this section is repayable in the manner prescribed by the  
10       Bank of North Dakota beginning one year after the individual's studies are  
11       completed.
- 12       8. In addition to providing direct loans to eligible students, the Bank of North Dakota  
13       may guarantee low-interest student loans made by eligible banks, credit unions,  
14       and savings and loan associations, upon the same terms, conditions, and  
15       procedures established under this section.

16       **SECTION 2. STUDENT LOAN TRUST FUND - TRANSFER.** The industrial  
17       commission shall transfer to the low-interest student loan fund the sum of \$3,100,000 of  
18       earnings from the North Dakota student loan trust fund for the biennium beginning July 1, 2007,  
19       and ending June 30, 2009. The transfer must take place at such time and in such amounts so  
20       that sufficient moneys remain available to pay all debt service on student loan trust bonds, all  
21       required rebate payments to the United States treasury, and all program operating expenses.