

SENATE BILL NO. 2138

Introduced by

Education Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 15-62.1-05 of the North Dakota Century Code,
2 relating to adequate federal loan guarantee reserve funds; and to declare an emergency.

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

4 **SECTION 1. AMENDMENT.** Section 15-62.1-05 of the 1997 Supplement to the North
5 Dakota Century Code is amended and reenacted as follows:

6 **15-62.1-05. Establishment and maintenance of adequate guarantee funds -**

7 **Appropriation.** The agency may enter into an agreement with the federal government for the

8 coinsurance of loans guaranteed under this program. The agency shall establish and at all

9 times maintain from funds appropriated under this chapter adequate guarantee reserve funds in

10 special accounts in the Bank of North Dakota unless required by title IV, part B, of the Higher

11 Education Act of 1965 [Pub. L. 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; Pub. L.

12 105-244; 112 Stat. 1581 20 U.S.C. 1001 et seq.], as amended through December 31, 1998, to

13 be invested elsewhere. The fund for loans which are coinsured by the federal government must

14 be maintained at a minimum amount equal to ~~two percent of the unpaid principal amount of the~~

15 ~~loans~~ the requirements set forth in title IV, part B, of the Higher Education Act of 1965 [Pub. L.

16 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; Pub. L. 105-244; 112 Stat. 1581 20

17 U.S.C. 1001 et seq.], as amended through December 31, 1998. The fund for loans which are

18 not coinsured by the federal government may not be less than one-tenth of the dollar value of

19 the ~~total portion~~ unpaid principal balance of ~~such~~ the loans. Funds appropriated under this

20 chapter and designated as guarantee agency reserve funds for loans that are not coinsured by

21 the federal government must be administered separately and segregated from reserve funds for

22 loans that are coinsured by the federal government. ~~The agency is authorized to enter into an~~

23 ~~agreement with the federal government for the coinsurance of loans guaranteed under this~~

24 ~~program.~~ The securities in which the moneys in the reserve funds may be invested must meet

1 the same requirements as those authorized for investment under the state investment board.
2 The income from such investments must be made available for the costs of administering the
3 respective guarantee loan programs and income in excess of that required to pay the cost of
4 administering the programs must be deposited in the respective reserve fund that corresponds
5 to the source of the initial invested funds. The proceeds of ~~such~~ reserve funds received from
6 federal, state, or private sources for the purpose of guaranteeing loans made to students as
7 provided in this chapter are hereby appropriated as a continuing appropriation for the payment
8 of defaulted loans guaranteed by each respective fund.

9 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.