

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1360

Page 1, line 1, replace "section" with "sections" and after "15-62.1-02" insert "and 15-62.1-05"

Page 1, line 2, after "students" insert "and loan guarantee funds"

Page 2, after line 16, insert:

**"SECTION 2. AMENDMENT.** Section 15-62.1-05 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.1-05. Establishment and maintenance of adequate guarantee funds - Appropriation.** The agency may enter into an agreement with the federal government for the coinsurance of loans guaranteed under this program. The agency shall establish and at all times maintain from funds appropriated under this chapter adequate guarantee reserve funds in special accounts in the Bank of North Dakota unless required by title IV, part B, of the Higher Education Act of 1965 [Pub. L. 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; Pub. L. 105-244; 112 Stat. 1581; 20 U.S.C. 1001 et seq.], as amended through December 31, 1998, to be invested elsewhere. The fund for loans ~~which~~ that are coinsured by the federal government must be maintained at a minimum amount equal to the requirements set forth in title IV, part B, of the Higher Education Act of 1965 [Pub. L. 89-329; 79 Stat. 1236; Pub. L. 99-498; 100 Stat. 1353; Pub. L. 105-244; 112 Stat. 1581; 20 U.S.C. 1001 et seq.], as amended through December 31, 1998. The fund for loans ~~which~~ that are not coinsured by the federal government ~~may not be less than one-tenth of the dollar value of the unpaid principal balance of the loans will be determined by the agency but may be no less than the Bank of North Dakota historical default rate.~~ Funds appropriated under this chapter and designated as guarantee agency reserve funds for loans that are not coinsured by the federal government must be administered separately and segregated from reserve funds for loans that are coinsured by the federal government. The securities in which the moneys in the reserve funds may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the respective guarantee loan programs and income in excess of that required to pay the cost of administering the programs must be deposited in the respective reserve fund that corresponds to the source of the initial invested funds. The proceeds of reserve funds received from federal, state, or private sources, for the purpose of guaranteeing loans made to students as provided in this chapter, are hereby appropriated as a continuing appropriation for the payment of defaulted loans guaranteed by each respective fund."

Re-number accordingly