

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 may deduct a service fee for
14 administering the fund from interest payments received on loans.
- 15 3. The Bank may establish additional terms and conditions and do all things
16 necessary to make a loan or participate in a loan under this section.
- 17 4. The interest rate on a loan made from the low-interest student loan fund is two
18 percent per year.
- 19 5. To be eligible for a loan under this section, an individual must:
20 a. Be a North Dakota resident;
21 b. Have graduated from either a North Dakota high school or a high school in a
22 bordering state in accordance with chapter 15.1-29; and
23 c. Be a student in good standing at an institution of higher education in this
24 state.

- 1 6. An individual may receive up to three thousand dollars during the first year, up to
2 four thousand dollars during the second year, and up to five thousand dollars
3 during each of the third and fourth years. An individual may not receive more than
4 seventeen thousand dollars in loans under this section.
- 5 7. Any loan made under this section is repayable in the manner prescribed by the
6 Bank of North Dakota beginning one year after the individual's studies are
7 completed.
- 8 8. In addition to providing direct loans to eligible students, the Bank of North Dakota
9 may guarantee low-interest student loans made by eligible banks, credit unions,
10 and savings and loan associations, upon the same terms, conditions, and
11 procedures established under this section.

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