A BILL FOR AN ACT

To establish a National Student Loan Fund Program, to authorize appropriations for such use, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1. Section 1. Title. This act shall be known as the "National Student Loan Fund Act of 1981."

2. Section 2. Purposes. It is important to the growth of our new Nation that we identify and educate more of the talented young men and women of the Federated States of Micronesia in order to provide the fullest development of their mental resources and technical skills. The purpose of this act is to establish an ongoing fund to provide long-term low-interest loans from a revolving fund to qualified students who are in need of such financial assistance in order to pursue a full-time course of study at an institution of higher education.

   (1) The term "chief" means the chief of the Division of Education of the Federated States of Micronesia.
   (2) The term "institution of higher education" means an educational institution which:
      (a) Admits as regular students only persons having a certificate of graduation from a school providing secondary education;
      (b) Is legally authorized to provide a program of education beyond secondary education; and
      (c) Provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree;
      (d) Is a public or other nonprofit institution; and
      (e) Is accredited by a recognized accrediting agency
approved by the chief or is an institution whose credits are accepted
on transfer by not less than three institutions which are so accredited
for credit on the same basis as if transferred from an institution
so accredited.

(3) The term "full-time student" means a student who is
carrying a full-time academic work load in terms of course work or
other required activities as determined by the institution.

(4) The term "full-time attendance" means compliance by
a full-time student with policies and regulations regarding attendance
in effect at the institution in which he or she is enrolled.

(5) The term "professional" or "graduate student" means,
in general, a student who is enrolled in an academic program of
instruction above the college level which is provided at an institution
of higher education. The term includes:

(a) That portion of any program involving a period
of study beyond 4 academic years of study at the college level, or

(b) Any portion of a program leading to;

(i) A degree beyond the bachelor's or first
professional degree, or

(ii) A first professional degree when at least
3 years of study at the college level are required for entrance into
a program leading to such degree.

(6) The terms "satisfactory standing" and "good standing"
mean the eligibility of a student to continue in attendance at the
institution where he or she is enrolled as a student in accordance
with the institution's standards and practices.

(7) The term "academic year" or its equivalent means the number of credit hours which a student must acquire during any one school year in order to secure the degree or certificate toward which he or she is working in the number of semesters or terms normally taken therefor at the institution where he is pursuing a course of study.

(8) The term "fund" means the National Student Loan Fund.

Section 4. Eligibility. Loans shall be made only to a student who:

(1) Is a citizen of the Federated States of Micronesia;

(2) Is in need of the amount of the loan to pursue a course of study on a full-time basis as an undergraduate, graduate, or professional student at an institution of higher education; and

(3) Has been accepted for enrollment as a full-time student at an institution of higher education or in the case of a student already attending such an institution, is in good standing at such institution and is carrying a full-time academic work load.

Section 5. Maximum amount of loans. The loans advanced from the fund to a student for any academic year or its equivalent may not exceed a total of $4,000. and further, the total of all such loans to an undergraduate student may not exceed $16,000. The total of all such loans to a student continuing as a professional or graduate student may not exceed a combined total of $32,000.

Section 6. Selection. Loans from the fund shall be made
reasonably available, subject to section 5 above, to all eligible
applicants. In the event applications exceed available funds, the
order of selection shall be made on the basis of objective criteria
established by the chief. Special consideration shall be given to
students with superior academic backgrounds.

Section 7. Advancement and repayment of loans.

(1) Loans from the fund shall be evidenced by a note or
other written agreement between the Division of Education and the
borrower which provides for repayment of the principal amount,
together with interest thereon, in equal installments payable monthly
over a period beginning nine months after the date on which the
borrower ceases to carry the normal full-time academic work load at
an institution of higher education, and ending ten years and nine
months after such date. Installments need not be paid during any
period, aggregating not in excess of three years, during which the
borrower is in less than full-time attendance at an institution of
higher education taking courses which are creditable towards a degree,
but interest shall continue to accrue during any such period.

(2) Such loan shall bear interest on the unpaid principal
of the loan at the rate of 4 percent per annum except that no interest
shall accrue before the date on which repayment of the loan is to
begin.

(3) Such loan shall be made without security or endorsement
except that if the borrower is a minor, endorsement shall be required.

(4) Any student borrower may, at his or her option, and
without penalty, repay all or any part of the principal and accrued
interest at any time.

(5) In the event that a student who has borrowed from
the fund is unable, due to extraordinary circumstances, to comply
with his or her obligations to repay the funds loaned to him or her,
he or she may apply to the chief for revision of the repayment schedule.

(6) The chief shall assess a late payment charge with
respect to a loan on which a student borrower has failed to pay all
or part of an installment when it is due. Such late charges shall
not exceed $1 for the first month or part thereof by which an
installment is late and $2 for any month or part of a month thereafter.

Section 8. Reporting. The chief shall prepare and submit an
annual report on the status of the fund prior to the opening of the
regular May session of the Congress of the Federated States of
Micronesia. This report shall include the total amount of money
currently in the fund, the total amount of outstanding current loans,
total amounts of repayments collected in the prior fiscal year, the
total amount of payments in default in the prior fiscal year, the
number of loans made during the prior fiscal year, and such other
information as may be appropriate.

Section 9. Authorization. The Congress of the Federated States
of Micronesia hereby authorizes appropriations from the General Fund
of the Federated States of Micronesia for the purposes set forth in
section 1. The aggregate appropriations for the revolving fund
shall not exceed $600,000.
Section 10. Effective date. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: October 19, 1981

Introduced by: Peter M. Christien