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~~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
2 Student Loan Fund Act of 1981."

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

12 Section 3. Definitions.

13 (1) The term "chief" means the chief of the Division of
14 Education of the Federated States of Micronesia.

15 (2) The term "institution of higher education" means an
16 educational institution which:

17 (a) Admits as regular students only persons having
18 a certificate of graduation from a school providing secondary education;

19 (b) Is legally authorized to provide a program of
20 education beyond secondary education; and

21 (c) Provides an educational program for which it
22 awards a bachelor's degree or provides not less than a two-year
23 program which is acceptable for full credit toward such a degree;

24 (d) Is a public or other nonprofit institution; and

25 (e) Is accredited by a recognized accrediting agency

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1 approved by the chief or is an institution whose credits are accepted
2 on transfer by not less than three institutions which are so accredited
3 for credit on the same basis as if transferred from an institution
4 so accredited.

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

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

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

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

17 (b) Any portion of a program leading to;

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

20 (ii) A first professional degree when at least
21 3 years of study at the college level are required for entrance into
22 a program leading to such degree.

23 (6) The terms "satisfactory standing" and "good standing"
24 mean the eligibility of a student to continue in attendance at the
25 institution where he or she is enrolled as a student in accordance

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1 with the institution's standards and practices.

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

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

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

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

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

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

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

25 Section 6. Selection. Loans from the fund shall be made

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1 reasonably available, subject to section 5 above, to all eligible
2 applicants. In the event applications exceed available funds, the
3 order of selection shall be made on the basis of objective criteria
4 established by the chief. Special consideration shall be given to
5 students with superior academic backgrounds.

6 Section 7. Advancement and repayment of loans.

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

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

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

25 (4) Any student borrower may, at his or her option, and

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1 without penalty, repay all or any part of the principal and accrued
2 interest at any time.

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

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

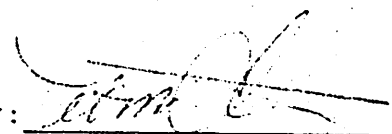
12 Section 8. Reporting. The chief shall prepare and submit an
13 annual report on the status of the fund prior to the opening of the
14 regular May session of the Congress of the Federated States of
15 Micronesia. This report shall include the total amount of money
16 currently in the fund, the total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

21 Section 9. Authorization. The Congress of the Federated States
22 of Micronesia hereby authorizes appropriations from the General Fund
23 of the Federated States of Micronesia for the purposes set forth in
24 section 1. The aggregate appropriations for the revolving fund
25 shall not exceed \$600,000.

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C.B. No. 2-135

1 Section 10. Effective date. This act shall become law upon
2 approval by the President of the Federated States of Micronesia or
3 upon its becoming law without such approval.

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5 Date: OCTOBER 19, 1981 Introduced by: 
6 Peter M. Christian

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