

CHAPTER NO. 691

SENATE BILL NO. 448

INTRODUCED BY GOODOVER

IN THE SENATE

February 10, 1979	Introduced and referred to Committee on Finance and Claims.
February 13, 1979	Fiscal note requested.
February 19, 1979	Committee recommend bill do pass as amended. Report adopted.
February 20, 1979	Fiscal note returned.
February 21, 1979	Printed and placed on members' desks.
February 22, 1979	Second reading, do pass.
February 23, 1979	Considered correctly engrossed. On motion rules suspended. Bill placed on calendar for third reading this day. Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 27, 1979	Introduced and referred to Committee on Appropriations.
April 5, 1979	Committee recommend bill be concurred in as amended. Report adopted.
April 6, 1979	Second reading, concurred in.
April 10, 1979	Third reading, concurred in as amended.

IN THE SENATE

April 11, 1979

Returned from second house.
Concurred in as amended.

April 12, 1979

Second reading, amendments
adopted.

April 13, 1979

Third reading, amendments
adopted. Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *448*
 2 INTRODUCED BY *Goodman*

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE BOARD
 5 OF REGENTS TO ADMINISTER A GUARANTEED STUDENT LOAN PROGRAM
 6 FOR MONTANA RESIDENTS; CREATING A STUDENT LOAN ADVISORY
 7 COUNCIL; ESTABLISHING A GUARANTEED STUDENT LOAN ACCOUNT
 8 WITHIN THE STATE TREASURY; AND PROVIDING AN IMMEDIATE
 9 EFFECTIVE DATE."

10
 11 WHEREAS, direct federal administration of the
 12 guaranteed student loan program has resulted in
 13 administrative confusion, high default rates, and rapidly
 14 decreasing participation by private lenders; and

15 WHEREAS, the congress of the United States has moved
 16 positively to diminish student abuse of the program and
 17 encourage state participation through creation of state
 18 student loan guarantee agencies; and

19 WHEREAS, thirty-nine states currently operate student
 20 loan guarantee agencies; and

21 WHEREAS, establishing a Montana guaranteed student loan
 22 program, at no cost to the general fund, would increase
 23 available student loans for needy students, especially for
 24 middle-income students and families.

25

1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 2 Section 1. Student loan advisory council -- terms,
 3 compensation, and duties. (1) There is a student loan
 4 advisory council appointed by the board of regents.
 5 (2) The council consists of five members. Each member
 6 shall be appointed for a term of 3 years.
 7 (3) Appointments to the council must conform to the
 8 following requirements:
 9 (a) One member must be a representative of a private
 10 eligible educational institution, as defined in [section 3].
 11 (b) One member must be a representative of a public
 12 eligible educational institution, as defined in [section 3].
 13 (c) Two members must be representatives of approved
 14 lenders.
 15 (d) One member must be a full-time student registered
 16 at an eligible educational institution, as defined in
 17 [section 3].
 18 (4) A chairman must be selected by the council from
 19 its membership at the first meeting of each fiscal year.
 20 (5) The commissioner of higher education or his
 21 appointed designee is an ex officio, nonvoting member of the
 22 council.
 23 (6) Each member of the council is entitled to
 24 compensation and reimbursement for travel expenses as
 25 provided in 2-15-122(5).

SB 448
 -2- INTRODUCED BILL

1 Section 2. Transition period -- appointment of council
2 members. (1) For the purpose of providing staggered terms,
3 the initial terms of council members shall be as follows:

- 4 (a) one member appointed for a 1-year term;
5 (b) two members appointed for 2-year terms; and
6 (c) two members appointed for 3-year terms.
7 (2) Thereafter, all members of the council shall be
8 appointed for 3-year terms.

9 Section 3. Definitions. As used in [sections 3 through
10 8], unless the context clearly indicates otherwise, the
11 following definitions apply:

- 12 (1) "Board" means the board of regents of higher
13 education.
14 (2) "Council" means the student loan advisory council
15 established in [section 1].
16 (3) "Eligible educational institution" means any
17 institution approved by the United States commissioner of
18 education as eligible to participate in the guaranteed
19 student loan program pursuant to Title IV of the Higher
20 Education Act of 1965, as amended.
21 (4) "Guaranteed student loan program" means the
22 program operated by the board pursuant to [sections 3
23 through 8].

24 Section 4. Authorization to establish guaranteed
25 student loan program. (1) The board may establish a

1 guaranteed student loan program for the purpose of making
2 available to residents of Montana improved opportunities for
3 education by guaranteeing loans in accordance with
4 applicable federal law to persons attending or accepted for
5 enrollment at an eligible educational institution.

6 (2) The board is designated as the state
7 representative for receiving federal or public or private
8 money that is now or will be made available under any act of
9 the congress of the United States or otherwise for purposes
10 of the guaranteed student loan program.

11 Section 5. Duties of the board. In discharging its
12 duties in relation to the guaranteed student loan program,
13 the board shall:

- 14 (1) act as guarantor on loans of money, upon such
15 terms and conditions as the board may prescribe, to assist
16 persons attending or accepted for enrollment at an eligible
17 educational institution to meet their educational expenses;
18 (2) approve financial or credit institutions,
19 insurance companies, or other lenders as eligible lenders
20 upon their meeting the standards established by the board
21 for making guaranteed student loans;
22 (3) incur and discharge debts, including defaulted
23 loan obligations that have been guaranteed by the board;
24 (4) make and execute agreements, contracts, and other
25 instruments with any public or private person or agency.

1 including the United States commissioner of education, for
2 the administration of the guaranteed student loan program.

3 Section 6. Student loan advisory council -- duties.
4 The council shall advise the board on policies, rules, and
5 procedures necessary for accomplishing the provisions of
6 [sections 3 through 8].

7 Section 7. Guaranteed student loan account. (1) There
8 is a guaranteed student loan revolving account within the
9 university student loan fund provided for in 17-2-102(11).

10 (2) The board shall credit to the account established
11 in subsection (1) all money designated for the guaranteed
12 student loan program by the United States or by any other
13 public or private source. All expenses incurred by the board
14 in connection with the guaranteed student loan program,
15 including principal and interest payments required because
16 of loan defaults, must be charged against the account.

17 (3) Money in the account not needed to meet current
18 obligations of the board in the exercise of its
19 responsibilities as guarantor, as provided for in [sections
20 3 through 8], must be invested in accordance with the
21 provisions of Title 17, chapter 6. Interest proceeds must be
22 credited to the account.

23 (4) The legislature is not obligated to appropriate
24 any money to pay for defaults. For the purposes of the
25 guaranteed student loan program, the board may not obligate

1 the credit of the state.

2 (5) Money on deposit in the guaranteed student loan
3 account shall not revert to the general fund at the close of
4 any fiscal year.

5 Section 8. Dissolution -- disposition of money. (1)
6 The guaranteed student loan program may not be dissolved
7 until all contractual obligations have been satisfied and
8 all loans guaranteed have been paid by the borrower, or if
9 in default, by the board.

10 (2) Upon dissolution of the program or the cessation
11 of the program's activities, all property and money of the
12 board relating to the guaranteed student loan program not
13 refundable to the federal government as provided by law vest
14 in the state and shall be credited to the general fund.

15 Section 9. Effective date. This act is effective on
16 passage and approval.

-End-

STATE OF MONTANA

Request No. 371-79

FISCAL NOTE

Form BD-15

In compliance with a written request received February 14, 1979, there is hereby submitted a Fiscal Note for Senate Bill 448 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 448 authorizes the Board of Regents to administer a guaranteed student loan program through an advisory council.

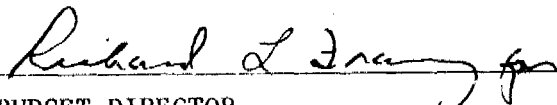
ASSUMPTIONS:

1. Federal student loans are now averaging \$5,000,000 per year.
2. The Advisory Council would contract with a non-profit corporation to provide administration of the guaranteed student loan program.
3. The advisory council would meet monthly the first year and quarterly thereafter.

FISCAL IMPACT:

	<u>1980</u>	<u>1981</u>
Expenses: Advisory Council meetings	\$10,714	\$2,839
Funding: Federal Administration cost recovery	\$10,000	\$2,839
Student insurance fees	<u>714</u>	<u>0</u>
	<u>\$10,714</u>	<u>\$2,839</u>

The above excludes the cost of contracting with a non-profit corporation for administration of the program. Such costs are unknown at this time.


 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 2/20/79

1 SENATE BILL NO. 448
2 INTRODUCED BY GOODOVER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE BOARD
5 OF REGENTS TO ADMINISTER CONTRACT FOR THE OPERATION OF A
6 GUARANTEED STUDENT LOAN PROGRAM FOR--MONTANA--RESIDENTS;
7 CREATING A STUDENT LOAN ADVISORY COUNCIL; ESTABLISHING-A
8 GUARANTEED-STUDENT-LOAN-ACCOUNT-WITHIN-THE--STATE--TREASURY;
9 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

10
11 WHEREAS, direct federal administration of the
12 guaranteed student loan program has resulted in
13 administrative confusion, high default rates, and rapidly
14 decreasing participation by private lenders; and

15 WHEREAS, the congress of the United States has moved
16 positively to diminish student abuse of the program and
17 encourage state participation through creation of state
18 student loan guarantee agencies; and

19 WHEREAS, thirty-nine states currently operate student
20 loan guarantee agencies; and

21 WHEREAS, establishing a Montana guaranteed student loan
22 program, at no cost to the general fund, would increase
23 available student loans for needy students, especially for
24 middle-income students and families.

1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

2 Section 1. Student GUARANTEED STUDENT loan advisory
3 council -- terms, compensation-and-duties. (1) There is a
4 student loan advisory council appointed by the board of
5 regents.

6 (2) The council consists of ~~five~~ SEVEN members. Each
7 member shall be appointed for a term of 3 years.

8 (3) Appointments to the council must conform to the
9 following requirements:

10 (a) One member must be a representative of a private
11 eligible educational institution, as defined in [section 3].

12 (b) One member must be a representative of a public
13 eligible educational institution, as defined in [section 3].

14 (c) Two members must be representatives of approved
15 lenders.

16 (d) One member must be a full-time student registered
17 at an eligible educational institution, as defined in
18 [section 3].

19 ~~(E) ONE MEMBER MUST BE A REPRESENTATIVE OF THE OFFICE~~
20 ~~OF PUBLIC INSTRUCTION.~~

21 ~~(F) ONE MEMBER MUST BE A REPRESENTATIVE OF THE OFFICE~~
22 ~~OF THE COMMISSIONER OF HIGHER EDUCATION.~~

23 (4) A chairman must be selected by the council from
24 its membership at the first meeting of each fiscal year.

25 ~~(5) --The--commissioner--of--higher--education--or--his~~

1 appointed-designee-is-an-ex-officio-nonvoting-member-of-the
2 council;

3 ~~{6}~~{5} Each member of the council is entitled to
4 compensation and reimbursement for travel expenses as
5 provided in 2-15-122(5).

6 Section 2. Transition period -- appointment of council
7 members. (1) For the purpose of providing staggered terms,
8 the initial terms of council members shall be as follows:

9 (a) ~~one-member~~ THREE MEMBERS appointed for a 1-year
10 term;

11 (b) two members appointed for 2-year terms; and

12 (c) two members appointed for 3-year terms.

13 (2) Thereafter, all members of the council shall be
14 appointed for 3-year terms.

15 Section 3. Definitions. As used in [sections 3 through
16 8], unless the context clearly indicates otherwise, the
17 following definitions apply:

18 (1) "Board" means the board of regents of higher
19 education.

20 (2) "Council" means the student loan advisory council
21 established in [section 1].

22 (3) "Eligible educational institution" means any
23 institution approved by the United States commissioner of
24 education as eligible to participate in the guaranteed
25 student loan program pursuant to Title IV of the Higher

1 Education Act of 1965, as amended.

2 (4) "Guaranteed student loan program" means the
3 program operated by--the--board pursuant to [sections 3
4 through 8].

5 {5} "NONPROFIT CORPORATION" MEANS THE PRIVATE
6 NONPROFIT CORPORATION DESIGNATED BY THE BOARD TO GUARANTEE
7 STUDENT LOANS.

8 Section 4. Authorization to establish guaranteed
9 student loan program. ~~{1}~~ The board may establish CONTRACT
10 FOR THE OPERATION OF a guaranteed student loan program for
11 the purpose of making available to residents-of-Montana
12 STUDENTS improved opportunities for education by
13 guaranteeing loans in accordance with applicable federal law
14 to persons attending or accepted for enrollment at an
15 eligible educational institution.

16 ~~{2}--The--board--is--designated--as--the--state~~
17 ~~representative--for--receiving--federal--or--public--or--private~~
18 ~~money--that--is--now--or--will--be--made--available--under--any--act--of~~
19 ~~the--congress--of--the--United--States--or--otherwise--for--purposes~~
20 ~~of--the--guaranteed--student--loan--program.~~

21 Section 5. Duties of the boards--in-discharging-its
22 duties-in-relation-to-the-guaranteed-student--loan--program
23 the--board NONPROFIT CORPORATION, THE NONPROFIT CORPORATION
24 shall:

25 (1) act as guarantor on loans of money, upon such

1 terms and conditions as the board NONPROFIT CORPORATION may
 2 prescribe, to assist persons attending or accepted for
 3 enrollment at an eligible educational institution to meet
 4 their educational expenses;

5 (2) approve financial or credit institutions,
 6 insurance companies, or other lenders as eligible lenders
 7 upon their meeting the standards established by the board
 8 NONPROFIT CORPORATION for making guaranteed student loans;

9 (3) incur and discharge debts, including defaulted
 10 loan obligations that have been guaranteed by the board
 11 NONPROFIT CORPORATION;

12 (4) make and execute agreements, contracts, and other
 13 instruments with any public or private person or agency,
 14 including the United States commissioner of education, for
 15 the administration of the guaranteed student loan program.

16 Section 6. Student loan advisory council -- duties.
 17 The council shall:

18 (1) advise the board on policies, rules, and
 19 procedures necessary for accomplishing the provisions of
 20 [sections 3 through 8];

21 (2) MAKE RECOMMENDATIONS TO THE BOARD CONCERNING THE
 22 DESIGNATION OF A NONPROFIT CORPORATION;

23 (3) MONITOR THE NONPROFIT CORPORATION TO ASSURE THAT
 24 BOTH THE STUDENTS AND LENDORS ARE ADEQUATELY SERVED; AND

25 (4) ADVISE ON THE ADEQUACY AND PROPER EXECUTION OF ANY

1 CONTRACTS ENTERED INTO BETWEEN THE BOARD AND THE NONPROFIT
 2 CORPORATION.

3 Section 7. -- Guaranteed student loan accounts -- (1) -- There
 4 is a guaranteed student loan revolving account -- within -- the
 5 university -- student -- loan fund provided for in 17-2-102(11);

6 (2) -- The board shall credit to the account -- established
 7 in -- subsection -- (1) -- all money designated for the guaranteed
 8 student loan program by the United States or -- by -- any -- other
 9 public or private sources -- All expenses incurred by the board
 10 in -- connection -- with -- the -- guaranteed -- student -- loan -- program,
 11 including principal and interest payments -- required -- because
 12 of loan defaults, must be charged against the account;

13 (3) -- Money -- in -- the -- account -- not -- needed -- to -- meet -- current
 14 obligations -- of -- the -- board -- in -- the -- exercise -- of -- its
 15 responsibilities -- as guarantors, as provided for in [sections
 16 3 through 8] -- must -- be -- invested -- in -- accordance -- with -- the
 17 provisions of title 17, chapter 6 -- interest proceeds must be
 18 credited to the account;

19 (4) -- The -- legislature -- is -- not -- obligated -- to -- appropriate
 20 any money to pay for -- defaults -- for -- the -- purposes -- of -- the
 21 guaranteed -- student -- loan -- program; the board may not obligate
 22 the credit of the state;

23 (5) -- Money on deposit in the -- guaranteed -- student -- loan
 24 account shall not revert to the general fund at the close of
 25 any fiscal year;

1 ~~SECTION 7. NO STATE OBLIGATION. THE LEGISLATURE IS~~
2 ~~NOT OBLIGATED TO APPROPRIATE ANY MONEY TO PAY FOR GUARANTEED~~
3 ~~STUDENT LOAN DEFAULTS. FOR THE PURPOSE OF THE GUARANTEED~~
4 ~~STUDENT LOAN PROGRAM, NEITHER THE BOARD NOR THE NONPROFIT~~
5 ~~CORPORATION MAY OBLIGATE THE CREDIT OF THE STATE.~~

6 Section 8. Dissolution -- disposition of money. (1)
7 The guaranteed student loan program may not be dissolved
8 until all contractual obligations have been satisfied and
9 all loans guaranteed have been paid by the borrower, or if
10 in default, by the board NONPROFIT CORPORATION.

11 (2) Upon dissolution of the program or the cessation
12 of the program's activities, all property and money of the
13 board NONPROFIT CORPORATION relating to the guaranteed
14 student loan program not refundable to the federal
15 government as provided by law vest in the state and shall be
16 credited to the general fund.

17 Section 9. Effective date. This act is effective on
18 passage and approval.

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE BOARD
 5 OF REGENTS TO ADMINISTER ~~ESTABLISH AND CONTRACT FOR THE~~
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 7 RESIDENTS; CREATING A STUDENT LOAN ADVISORY COUNCIL;
 8 ~~ESTABLISHING A GUARANTEED STUDENT LOAN ACCOUNT WITHIN THE~~
 9 ~~STATE--TREASURY;~~ ESTABLISHING A GUARANTEED STUDENT LOAN
 10 ACCOUNT WITHIN THE STATE TREASURY; AND PROVIDING AN
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 13 WHEREAS, direct federal administration of the
 14 guaranteed student loan program has resulted in
 15 administrative confusion, high default rates, and rapidly
 16 decreasing participation by private lenders; and

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 19 encourage state participation through creation of state
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10 (3) Appointments to the council must conform to the
 11 following requirements:

12 (a) One member must be a representative of a private
 13 eligible educational institution, as defined in [section 3].

14 (b) ~~One member TWO MEMBERS~~ must be a ~~representative~~
 15 REPRESENTATIVES of a public eligible educational
 16 institution, as defined in [section 3]. ONE MUST BE A
 17 REPRESENTATIVE OF HIGHER EDUCATION, AND ONE MUST BE A
 18 REPRESENTATIVE FOR THE POSTSECONDARY VOCATIONAL-TECHNICAL
 19 CENTERS.

20 (c) Two members must be representatives of approved
 21 lenders.

22 (d) One member must be a full-time student registered
 23 at an eligible educational institution, as defined in
 24 [section 3].

25 ~~(E)--ONE MEMBER MUST BE A REPRESENTATIVE OF THE OFFICE~~

1 ~~OF PUBLIC INSTRUCTION.~~

2 ~~{F}(E) ONE MEMBER MUST BE A REPRESENTATIVE OF THE~~
3 ~~OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION.~~

4 (4) A chairman must be selected by the council from
5 its membership at the first meeting of each fiscal year.

6 ~~{5}--The--commissioner--of--higher--education--or--his~~
7 ~~appointed-designee-is-an-ex-officio-nonvoting-member-of-the~~
8 ~~council.~~

9 {6}{5} Each member of the council is entitled to
10 compensation and reimbursement for travel expenses as
11 provided in 2-15-122(5).

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13 members. (1) For the purpose of providing staggered terms,
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16 term;

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18 (c) two members appointed for 3-year terms.

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20 appointed for 3-year terms.

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22 0 2], unless the context clearly indicates otherwise, the
23 following definitions apply:

24 (1) "Board" means the board of regents of higher
25 education.

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2 advisory council established in [section 1].

3 (3) "Eligible educational institution" means any
4 institution approved by the United States commissioner of
5 education as eligible to participate in the guaranteed
6 student loan program pursuant to Title IV of the Higher
7 Education Act of 1965, as amended.

8 (4) "Guaranteed student loan program" means the
9 program operated by--the--board ESTABLISHED BY THE BOARD
10 pursuant to [sections 3 through 0 2].

11 ~~{5} "NONPROFIT CORPORATION" MEANS THE PRIVATE~~
12 ~~NONPROFIT CORPORATION DESIGNATED BY THE BOARD TO GUARANTEE~~
13 ~~ADMINISTER STUDENT LOANS.~~

14 Section 4. Authorization to establish guaranteed
15 student loan program. ~~{7} {1}~~ The board may establish
16 ESTABLISH AND CONTRACT FOR THE OPERATION OF a guaranteed
17 student loan program for the purpose of making available to
18 residents-of-Montana STUDENTS improved opportunities for
19 education by guaranteeing loans in accordance with
20 applicable federal law to persons attending or accepted for
21 enrollment at an eligible educational institution.

22 ~~{2}--The--board---is---designated---as---the---state~~
23 ~~representative-for-receiving-federal-or--public--or--private~~
24 ~~money-that-is-now-or-will-be-made-available-under-any-act-of~~
25 ~~the--congress-of-the-United-States-or-otherwise-for-purposes~~

1 ~~of the guaranteed student loan program~~

2 (2) THE BOARD IS DESIGNATED AS THE STATE
 3 REPRESENTATIVE FOR RECEIVING FEDERAL OR PUBLIC OR PRIVATE
 4 MONEY THAT IS NOW OR WILL BE MADE AVAILABLE UNDER ANY ACT OF
 5 THE CONGRESS OF THE UNITED STATES OR OTHERWISE FOR PURPOSES
 6 OF THE GUARANTEED STUDENT LOAN PROGRAM.

7 Section 5. Duties of the board ~~in discharging its~~
 8 ~~duties in relation to the guaranteed student loan program~~
 9 ~~the board~~ ~~NONPROFIT CORPORATION, THE NONPROFIT CORPORATION~~
 10 BOARD, IN DISCHARGING ITS DUTIES IN RELATION TO THE
 11 GUARANTEED STUDENT LOAN PROGRAM, THE BOARD shall:

12 (1) act as guarantor on loans of money, upon such
 13 terms and conditions as the board ~~NONPROFIT CORPORATION~~
 14 BOARD may prescribe, to assist persons attending or accepted
 15 for enrollment at an eligible educational institution to
 16 meet their educational expenses;

17 (2) approve financial or credit institutions,
 18 insurance companies, or other lenders as eligible lenders
 19 upon their meeting the standards established by the board
 20 ~~NONPROFIT CORPORATION~~ BOARD for making guaranteed student
 21 loans;

22 (3) incur and discharge debts, including defaulted
 23 loan obligations that have been guaranteed by the board
 24 ~~NONPROFIT CORPORATION~~ BOARD;

25 (4) make and execute agreements, contracts, and other

1 instruments with any public or private person or agency,
 2 including the United States commissioner of education, for
 3 the administration of the guaranteed student loan program;

4 (5) CONTRACT WITH A NONPROFIT CORPORATION FOR THE
 5 OPERATION OF THE GUARANTEED STUDENT LOAN PROGRAM TO PROVIDE
 6 LOAN APPROVAL PROCESSING, ESSENTIAL AND SPECIAL LOAN
 7 SERVICING, PRECLAIMS ASSISTANCE, CLAIM PROCESSING AND
 8 COLLECTIONS, AND OTHER SERVICES THAT WOULD PROMOTE LENDER
 9 PARTICIPATION AND LOAN AVAILABILITY TO STUDENTS;

10 (6) PERFORM ANY OTHER DUTIES NECESSARY FOR THE
 11 ADMINISTRATION OF THE GUARANTEED STUDENT LOAN PROGRAM.

12 Section 6. Student loan advisory council -- duties.
 13 The council shall:

14 (1) advise the board on policies, rules, and
 15 procedures necessary for accomplishing the provisions of
 16 [sections 3 through 6 2];

17 (2) MAKE RECOMMENDATIONS TO THE BOARD CONCERNING THE
 18 DESIGNATION OF A NONPROFIT CORPORATION;

19 (3) MONITOR THE NONPROFIT CORPORATION TO ASSURE THAT
 20 BOTH THE STUDENTS AND LENDORS ARE ADEQUATELY SERVED; AND

21 (4) ADVISE ON THE ADEQUACY AND PROPER EXECUTION OF ANY
 22 CONTRACTS ENTERED INTO BETWEEN THE BOARD AND THE NONPROFIT
 23 CORPORATION.

24 Section 7. ~~Guaranteed student loan accounts -- (1) There~~
 25 ~~is a guaranteed student loan revolving account within the~~

1 university--student--loan-fund-provided-for-in-17-2-102(11).
 2 (2)--The-board-shall-credit-to-the-account-established
 3 in--subsection--(1)--all-money-designated-for-the-guaranteed
 4 student-loan-program-by-the-United-States-or--by--any--other
 5 public-or-private-sources-All-expenses-incurred-by-the-board
 6 in--connection--with--the--guaranteed--student-loan-program
 7 including-principal-and-interest-payments--required--because
 8 of-loan-defaults--must-be-charged-against-the-account.

9 (3)--Money--in--the--account-not-needed-to-meet-current
 10 obligations--of--the--board--in--the--exercise--of--its
 11 responsibilities--as-guarantory-as-provided-for-in-(sections
 12 3-through-9)--must--be--invested--in--accordance--with--the
 13 provisions-of-Title-17--chapter-6--interest-proceeds--must-be
 14 credited-to-the-account.

15 (4)--The--legislature--is--not-obligated-to-appropriate
 16 any-money-to-pay-for--defaults--For--the--purposes--of--the
 17 guaranteed--student-loan-program--the-board-may-not-obligate
 18 the-credit-of-the-state.

19 (5)--Money-on-deposit-in-the-guaranteed--student--loan
 20 account-shall-not-revert-to-the-general-fund-at-the-close-of
 21 any-fiscal-year.

22 SECTION 7. THERE IS A NEW MCA SECTION THAT READS:

23 Guaranteed student loan account. (1) There is a
 24 guaranteed student loan revolving account within the
 25 university student loan fund provided for in 17-2-102(11).

1 (2) The board shall credit to the account established
 2 in subsection (1) all money designated for the guaranteed
 3 student loan program by the United States or by any other
 4 public or private source. All expenses incurred by the board
 5 in connection with the guaranteed student loan program,
 6 including principal and interest payments required because
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8 (3) Money in the account not needed to meet current
 9 obligations of the board in the exercise of its
 10 responsibilities as guarantor, as provided for in [sections
 11 3 through 9], must be invested in accordance with the
 12 provisions of Title 17, chapter 6. Interest proceeds must be
 13 credited to the account.

14 (4) Money on deposit in the guaranteed student loan
 15 account shall not revert to the general fund at the close of
 16 any fiscal year.

17 SECTION 8. NO STATE OBLIGATION. THE LEGISLATURE IS
 18 NOT OBLIGATED TO APPROPRIATE ANY MONEY TO PAY FOR GUARANTEED
 19 STUDENT LOAN DEFAULTS. FOR THE PURPOSE OF THE GUARANTEED
 20 STUDENT LOAN PROGRAM, NEITHER THE BOARD NOR THE NONPROFIT
 21 CORPORATION MAY OBLIGATE THE CREDIT OF THE STATE.

22 Section 9. Dissolution -- disposition of money. (1)
 23 The guaranteed student loan program may not be dissolved
 24 until all contractual obligations have been satisfied and
 25 all loans guaranteed have been paid by the borrower, or if

1 in default, by the board ~~NONPROFIT-CORPORATION BOARD~~.

2 (2) Upon dissolution of the program or the cessation
3 of the program's activities, all property and money of the
4 board ~~NONPROFIT-CORPORATION BOARD~~ relating to the guaranteed
5 student loan program not refundable to the federal
6 government as provided by law vest in the state and shall be
7 credited to the general fund.

8 Section 10. Effective date. This act is effective on
9 passage and approval.

-End-

HOUSE OF REPRESENTATIVES
April 4, 1979

Committee on Appropriations Amendments to Senate Bill No. 448,
third reading copy, as follows:

1. Title, line 5.

Following: "ADMINISTER"

Insert: "ESTABLISH AND"

2. Title

Following: line 8.

Insert: "ESTABLISHING A GUARANTEED STUDENT LOAN ACCOUNT WITHIN THE
STATE TREASURY;"

3. Page 2, line 12.

Following: "(b)"

Strike: "One member"

Insert: "Two members"

Following: "be"

Strike: "a representative"

Insert: "representatives"

4. Page 2, line 13.

Following: "[section 3]."

Insert: "One must be a representative of higher education, and one
must be a representative for the postsecondary vocational-technical
centers."

5. Page 2, lines 19 and 20.

Strike: subsection (e) in its entirety

Re-number: subsequent subsection

6. Page 3, line 16.

Following: line 15

Strike: "8"

Insert: "9"

7. Page 3, line 20.

Following: "the"

Insert: "guaranteed"

8. Page 4, line 3.

Following: "program"

Strike: "operated"

Insert: "established by the board"

9. Page 4, line 4.

Following: "through"

Strike: "8"

Insert: "9"

10. Page 4, line 6.

Following: "TO"

Strike: "GUARANTEE"

Insert: "administer"

Amendments to Senate Bill 448

Page 2

11. Page 4, line 9.

Following: "~~(1)~~"

Insert: "(1)"

Following: "establish"

Insert: "establish and"

12. Page 4.

Following: line 20

Insert: "(2) The board is designated as the state representative for receiving federal or public or private money that is now or will be made available under any act of the congress of the United States or otherwise for purposes of the guaranteed student loan program."

13. Page 4, line 23.

Following: "~~board~~"

Strike: "NONPROFIT CORPORATION. THE NONPROFIT CORPORATION"

Insert: "board. In discharging its duties in relation to the guaranteed student loan program, the board"

14. Page 5, line 1.

Following: "~~board~~"

Strike: "NONPROFIT CORPORATION"

Insert: "board"

15. Page 5, line 8.

Following: line 7

Strike: "NONPROFIT CORPORATION"

Insert: "board"

16. Page 5, line 11.

Following: line 10

Strike: "NONPROFIT CORPORATION"

Insert: "board"

17. Page 5, line 15.

Following: "program"

Strike: "."

Insert: ";

Following: line 15

Insert: "(5) contract with a nonprofit corporation for the operation of the guaranteed student loan program to provide loan approval processing, essential and special loan servicing, preclaims assistance, claim processing and collections, and other services that would promote lender participation and loan availability to students;
(6) perform any other duties necessary for the administration of the guaranteed student loan program."

18. Page 5, line 20.

Following: "through"

Strike: "8"

Insert: "9"

19. Page 6.

Following: line 2

Insert: "SECTION 7. THERE IS A NEW MCA SECTION THAT READS:

Guaranteed student loan account. (1) There is a guaranteed student loan revolving account within the university student loan fund provided for in 17-2-102(11).

(2) The board shall credit to the account established in subsection (1) all money designated for the guaranteed student loan program by the United States or by any other public or private source. All expenses incurred by the board in connection with the guaranteed student loan program, including principal and interest payments required because of loan defaults, must be charged against the account.

(3) Money in the account not needed to meet current obligations of the board in the exercise of its responsibilities as guarantor, as provided for in [sections 3 through 9], must be invested in accordance with the provisions of Title 17, chapter 6. Interest proceeds must be credited to the account.

(4) Money on deposit in the guaranteed student loan account shall not revert to the general fund at the close of any fiscal year."

20. Page 7, line 10.

Following: "board"

Strike: "NONPROFIT CORPORATION"

Insert: "board"

21. Page 7, line 13.

Following: "board"

Strike: "NONPROFIT CORPORATION"

Insert: "board"

AND AS AMENDED BE CONCURRED IN