
AN ACT

To establish a National Student Loan Revolving 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 Revolving Fund Act of 1982."

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

11 Section 3. Definitions.

12 (1) The term "chief" means the chief of the Division of Educa-
13 tion of the Federated States of Micronesia.

14 (2) The term "institution of higher education" means an educa-
15 tional institution which:

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

18 (b) Is legally authorized to provide a program of educa-
19 tion beyond secondary education; and

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

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

2 (e) Is accredited by a recognized accrediting agency
3 approved by the chief or is an institution whose credits are accepted
4 on transfer by not less than three institutions which are so accredited
5 for credit on the same basis as if transferred from an institution so
6 accredited.

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

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

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

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

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

20 (i) A degree beyond the bachelor's or first pro-
21 fessional degree; or

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

25 (6) The terms "satisfactory standing" and "good standing"

1 mean the eligibility of a student to continue in attendance at the
2 institution where he or she is enrolled as a student in accordance with
3 the institution's standards and practices.

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

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

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

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

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

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

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

1 Section 6. Selection. Loans from the fund shall be made reason-
2 ably available, subject to section 5 above, to all eligible applicants.
3 In the event applications exceed available funds, the order of selection
4 shall be made on the basis of objective criteria established by the chief
5 pursuant to Public Law No. 1-150. Special consideration shall be given
6 to students with superior academic backgrounds.

7 Section 7. Establishing the Student Loan Revolving Fund. There is
8 hereby established a Student Loan Revolving Fund (hereinafter the "fund"),
9 separate from the General Fund or other funds. All appropriations for
10 student loans shall be deposited in this account. In addition all repay-
11 ments of principle and interest from loans made from this fund shall be
12 deposited back into the fund for the purposes stated in section 2. Further,
13 all loan repayments of interest and principle for funds received from
14 appropriations made pursuant to:

- 15 1) Public Law No. 1-22, as amended by Public Law No. 1-57; and
- 16 2) Public Law No. 1-106; and
- 17 3) Public Law No. 1-125; and
- 18 4) Public Law No. 2-21, as amended by Public Law No. 2-26;

19 shall be deposited in the fund. Any unexpended money in this account shall
20 not revert to the General Fund or lapse at the end of the fiscal year.

21 Section 8. Advancement and repayment of loans.

22 (1) Loans from the fund shall be evidenced by a note or other
23 written agreement between the Division of Education and the borrower which
24 provides for repayment of the principal amount, together with interest
25 thereon, in equal installments payable monthly over a period beginning

1 nine months after the date on which the borrower ceases to carry the
2 normal full-time academic work load at an institution of higher education,
3 and ending ten years and nine months after such date. Installments need
4 not be paid during any period, aggregating not in excess of three years,
5 during which the borrower is in less than full-time attendance at an
6 institution of higher education taking courses which are creditable towards
7 a degree, but interest shall continue to accrue during any such period.

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

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

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

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

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

25 Section 9. Reporting. The chief shall prepare and submit an annual

1 report on the status of the fund prior to the opening of the regular May
2 session of the Congress of the Federated States of Micronesia. This report
3 shall include the total amount of money currently in the fund, the total
4 amount of outstanding current loans, total amounts of repayments collected
5 in the prior fiscal year, the total amount of payments in default in the
6 prior fiscal year, the number of loans made during the prior fiscal year,
7 and such other information as may be appropriate.

8 Section 10. Authorization. The Congress of the Federated States
9 of Micronesia hereby authorizes appropriations from the General Fund of
10 the Federated States of Micronesia for the purposes set forth in section
11 1. The aggregate total appropriations for the revolving fund shall not
12 be less than \$600,000.

13 Section 11. Issuance of regulations. The chief of the Division of
14 Education shall promulgate regulations, pursuant to Public Law No. 1-150,
15 consistent with the contents and intent of this act.

16 Section 12. Effective date. This act shall become law upon approval
17 by the President of the Federated States of Micronesia or upon its becoming
18 law without such approval.

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September 28, 1982

Tosiwo Nakayama
Tosiwo Nakayama
President
Federated States of Micronesia