

Subject Creating a loan guarantee program for furloughed federal employees

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Overview

Creates the federal employee personal loan guarantee program, which guarantees loans from private financial institutions to federal employees affected by a shutdown of the federal government.

Summary

Section	Description
1	<p>Federal Employee Personal Loan Guarantee Program.</p> <p>Subd. 1. Definitions. Defines terms for the section, including “grace period,” which means either: (1) the 90-day period after an affected employee’s federal agency is funded and the shutdown ends, or (2) the 150-day period after the date of origination of the loan. Also defines “shutdown,” which means a full or partial shutdown of the federal government occurring during calendar year 2019.</p> <p>Subd. 2. Loan guarantee program. Creates the program in the Department of Employment and Economic Development.</p> <p>Subd. 3. Duties of commissioner. Requires the commissioner to: respond to applications from financial institutions to participate in the program within one day; keep records of the program; review requests for payment of claims against loan guarantees; pay claims under the program; and terminate the program if defaults reach an unacceptable level, the shutdown ends, or the end date of July 31, 2021, is reached.</p> <p>Subd. 4. Financial institutions. Allows financial institutions in good standing to apply to participate in the program. Specifies the documentation the financial institution must keep about loans under the program. Requires notifying the commissioner of loans and providing borrowers with information about credit counseling services. Details the claims process for loan guarantees.</p> <p>Subd. 5. Personal loan; terms. Stipulates that loans under the program shall: not require any repayment before the end of the grace period; not require full repayment before 180 days after the end of the grace period; allow repayment in three to six equal installments; not charge interest during the grace period or fees until 180 days after the end of the grace period; not have any penalties for</p>

Section	Description
	<p>prepayment; and specify which length of grace period applies to the loan. Bars loans for more than \$5,000 (or a lesser amount defined by an individual's pay or unemployment compensation benefits). Allows an individual to apply for one loan under the program every 30 days during the shutdown, for up to three loans total.</p> <p>Subd. 6. Creation of account. Creates the federal employee personal loan guarantee program account in the special revenue fund. Appropriates money in the account to the commissioner of employment and economic development to fulfil the commissioner's duties under subdivision 3, namely paying claims against loan guarantees and administering the program.</p>
2	<p>Federal employee personal loan guarantee program; transfer.</p> <p>Transfers \$2,500,000 for fiscal year 2019 to the federal employee personal loan guarantee program account in the special revenue fund as a onetime transfer. Specifies that any funds that remain in the account as of August 1, 2021, shall be transferred to the general fund.</p>
3	<p>Effective date.</p> <p>Makes all sections of the bill effective the day following final enactment.</p>



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