

Act No. 128  
Public Acts of 1989  
Approved by the Governor  
June 28, 1989  
Filed with the Secretary of State  
June 28, 1989

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1989**

Introduced by Senators Schwarz, Ehlers, Dingell, J. Hart, Cropsey and N. Smith

# **ENROLLED SENATE BILL No. 165**

AN ACT to amend the title and sections 1, 7, and 10 of Act No. 77 of the Public Acts of 1960, entitled as amended "An act to create the Michigan higher education assistance authority and to prescribe its powers and duties; to authorize persons, corporations and associations to make gifts to the authority; to prescribe the powers and duties of the state banking commissioner; to authorize, ratify, and confirm certain guarantees of students' loans made heretofore and authorize reguarantees thereunder; to authorize, ratify, and confirm certain guarantees of loans made to parents of students; to validate certain prior appropriations; and to authorize the transfer of certain appropriations to be transferred to and administered by the authority," section 7 as amended by Act No. 29 of the Public Acts of 1981, being sections 390.951, 390.957, and 390.960 of the Michigan Compiled Laws; and to repeal certain acts and parts of acts.

*The People of the State of Michigan enact:*

Section 1. The title and sections 1, 7, and 10 of Act No. 77 of the Public Acts of 1960, section 7 as amended by Act No. 29 of the Public Acts of 1981, being sections 390.951, 390.957, and 390.960 of the Michigan Compiled Laws, are amended to read as follows:

## **TITLE**

An act to create the Michigan higher education assistance authority and to prescribe its powers and duties; to authorize persons, corporations, and associations to make gifts to the authority; to prescribe the powers and duties of certain state officials; to authorize, ratify, and confirm certain guarantees of students' loans and authorize reguarantees; to authorize, ratify, and confirm certain guarantees of loans made to parents of students; to validate certain prior appropriations; and to authorize the transfer of certain appropriations to be transferred to and administered by the authority.

Sec. 1. There is created a nonprofit authority as an agency in the department of education, to be known as the "Michigan higher education assistance authority". The authority may contract and be contracted with, sue and be sued, implead and be impleaded, and complain and defend in all courts of law and equity. The authority shall exercise its powers as an autonomous entity, independent of the director of the department of education.

Sec. 7. The authority may:

(a) Guarantee 100% of the principal and interest of a loan of money, upon the terms and conditions as it prescribes, to a person attending or accepted to attend an eligible postsecondary educational institution to assist the person in meeting his or her expenses of postsecondary education incurred in any academic year or to a parent of an undergraduate dependent person who meets the requirements for a loan as determined by the authority.

(b) Take, hold, and administer real, personal, or mixed property and money, or any interest in property or money, and the income from the property, either absolutely or in trust, for a purpose of this act. The authority may acquire property for this purpose by purchase or lease and by the acceptance of gifts, grants, bequests, devises, money, or loans. An obligation incurred under this act shall not be a debt of the state.

(c) Enter into contracts with an eligible lender or with a public or private postsecondary educational institution, upon the terms as may be agreed upon between the authority and an institution, to provide for the administration by an institution of a loan, or guarantee of a loan, made by the authority, including applications for a loan and repayment of a loan.

(d) Competitively contract for services including consulting services as needed to carry out the purposes of this act.

(e) Enter into an agreement with a group life insurance carrier to insure each student receiving a guaranteed loan under the program.

(f) Require a student or parent receiving a guaranteed loan to remit a fee which may include the payment of a group life insurance premium.

(g) Receive state appropriations for the guaranty fund of the loan program to be used to match deposits and to accept contributions received by the authority for this purpose.

(h) Administer a state scholarship program according to the law and rules promulgated by the authority.

(i) Administer an undergraduate scholar awards program according to the law and rules promulgated by the authority.

(j) Receive funds from the federal government to assist in implementing federally supported programs administered under this act.

(k) Administer an incentive awards program according to rules promulgated by the authority.

Sec. 10. The authority is subject to the supervision and examination of the commissioner of the financial institutions bureau of the department of commerce. However, the authority is not considered to be a banking organization and is not required to pay a fee for the supervision or examination. The authority shall make an annual report of its condition to the governor and the legislature within 60 days after the legislature convenes.

Section 2. Section 308 of Act No. 380 of the Public Acts of 1965, being section 16.408 of the Michigan Compiled Laws, is repealed.

This act is ordered to take immediate effect.

.....  
Secretary of the Senate.

.....  
Clerk of the House of Representatives.

Approved.....

.....  
Governor.