

SENATE BILL No. 165

February 21, 1989, Introduced by Senators SCHWARZ, EHLERS, DINGELL, J. HART, CROPSEY and N. SMITH and referred to the Committee on Education and Mental Health.

A bill 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:

- 1 Section 1. The title and sections 1, 7, and 10 of Act
- 2 No. 77 of the Public Acts of 1960, section 7 as amended by Act
- 3 No. 29 of the Public Acts of 1981, being sections 390.951,

1 390.957, and 390.960 of the Michigan Compiled Laws, are amended
2 to read as follows:

3 TITLE

4 An act to create the Michigan higher education assistance
5 authority and to prescribe its powers and duties; to authorize
6 persons, corporations, and associations to make gifts to the
7 authority; to prescribe the powers and duties of ~~the state bank~~
8 ~~ing commissioner~~ CERTAIN STATE OFFICIALS; to authorize, ratify,
9 and confirm certain guarantees of students' loans ~~made~~
10 ~~heretofore~~ and authorize reguarantees; ~~thereunder,~~ to autho-
11 rize, ratify, and confirm certain guarantees of loans made to
12 parents of students; to validate certain prior appropriations;
13 and to authorize the transfer of certain appropriations to be
14 transferred to and administered by the authority.

15 Sec. 1. There is ~~hereby~~ created a nonprofit authority as
16 an agency ~~and instrumentality of the state of Michigan~~ IN THE
17 DEPARTMENT OF EDUCATION, to be known as the "Michigan higher edu-
18 cation assistance authority". The authority may contract and be
19 contracted with, sue and be sued, implead and be impleaded, and
20 complain and defend in all courts of law and equity. THE AUTHOR-
21 ITY SHALL EXERCISE ITS POWERS AS AN AUTONOMOUS ENTITY, INDEPEN-
22 DENT OF THE DIRECTOR OF THE DEPARTMENT OF EDUCATION.

23 Sec. 7. The authority may:

24 (a) Guarantee 100% of the principal and interest of a loan
25 of money, upon the terms and conditions as it prescribes, to
26 ~~persons~~ A PERSON attending or ~~those~~ accepted to attend AN
27 eligible ~~post-secondary~~ POSTSECONDARY educational

1 ~~institutions~~ INSTITUTION to assist ~~them~~ THE PERSON in meeting
2 ~~their~~ HIS OR HER expenses of ~~post secondary~~ POSTSECONDARY
3 education incurred in any ~~one~~ academic year or to ~~the parents~~
4 A PARENT of AN undergraduate dependent ~~persons~~ PERSON who
5 ~~meet~~ MEETS the requirements for a loan as determined by the
6 authority.

7 (b) Take, hold, and administer ~~7~~ real, personal, or mixed
8 property and money, or any interest ~~therein~~ IN PROPERTY OR
9 MONEY, and the income from the property, either absolutely or in
10 trust, for a purpose of this act. The authority may acquire
11 property for this purpose by purchase or lease and by the accep-
12 tance of gifts, grants, bequests, devises, ~~or~~ money, or loans.
13 An obligation incurred under this act shall not be a debt of the
14 state.

15 (c) Enter into contracts with AN eligible ~~lending~~
16 ~~institutions~~ LENDER or with A public or private ~~post secondary~~
17 POSTSECONDARY educational ~~institutions~~ INSTITUTION, upon the
18 terms as may be agreed upon between ~~it~~ THE AUTHORITY and an
19 institution, to provide for the administration by ~~the~~
20 ~~institutions~~ AN INSTITUTION of a loan, or guarantee of a loan,
21 made by ~~it~~ THE AUTHORITY, including applications for a loan and
22 repayment of a loan.

23 (D) PURCHASE OR CONTRACT FOR THE PROVIDING OF SUPPLIES,
24 MATERIALS, EQUIPMENT, PRINTING, AND SERVICES, INCLUDING, BUT NOT
25 LIMITED TO, UTILITY, LEGAL, ACCOUNTING, AND CONSULTING SERVICES,
26 AS NEEDED TO CARRY OUT THE PURPOSES OF THIS ACT.

1 (E) ~~-(d)-~~ Enter into an agreement with a group life
2 insurance carrier to insure each student receiving a guaranteed
3 loan under the program.

4 (F) ~~-(e)-~~ Require a student or parent receiving a guaranteed
5 loan to remit a fee which may include the payment of a group life
6 insurance premium.

7 (G) ~~-(f)-~~ Receive state appropriations for the guaranty fund
8 of the loan program to be used to match deposits and to accept
9 contributions received by ~~it~~ THE AUTHORITY for this purpose.

10 (H) ~~-(g)-~~ Administer a state scholarship program according
11 to the law and rules promulgated by ~~it~~ THE AUTHORITY.

12 (I) ~~-(h)-~~ Administer an undergraduate scholar awards program
13 according to the law ~~—~~ and rules promulgated by ~~it~~ THE
14 AUTHORITY.

15 (J) ~~-(i)-~~ Receive funds from the federal government to
16 assist in implementing federally supported programs administered
17 under this act.

18 (K) ~~-(j)-~~ Administer an incentive awards program according
19 to rules promulgated by ~~it~~ THE AUTHORITY.

20 Sec. 10. The authority ~~shall be~~ IS subject to the super-
21 vision and examination of the ~~state banking~~ commissioner ~~— but~~
22 ~~shall not be deemed~~ OF THE FINANCIAL INSTITUTIONS BUREAU OF THE
23 DEPARTMENT OF COMMERCE. HOWEVER, THE AUTHORITY IS NOT CONSIDERED
24 to be a banking organization ~~— nor~~ AND IS NOT required to pay a
25 fee for THE supervision or examination. The authority shall make
26 an annual report of its condition to the governor and the
27 legislature within 60 days after the legislature convenes.

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