

**FINANCING OF STUDENT LOAN PROGRAMS (EXCERPT)**  
**Act 289 of 1976**

**390.1354 Financing of student loan program; bonds or notes generally; capital cost.**

Sec. 4. (1) A student loan program may be financed in whole or in part under the terms and provisions the board deems best, by the issuance of notes or bonds of the board which shall be payable in not more than 18 years and payable solely out of any of the following sources:

(a) The fees and charges made or received by the board and all or any part of the moneys received by the board in payment of principal and interest on any student loans regardless of from whom the payment was received.

(b) The proceeds of any reserve established for the purpose of making payments due on the notes or bonds.

(c) Amounts to be received as gifts, grants, or otherwise from the state or federal government or an agency thereof or a public or private donor.

(d) Out of other available funds except state appropriations.

(2) Bonds or notes issued under this section may be refunded, in whole or in part, upon the issuance of new bonds or notes payable from any of the sources specified in subsection (1) under terms and conditions it deems best, except that noncallable unmatured bonds or notes may not be refunded without the consent of the holder thereof.

(3) Bonds or notes issued under this section may be secured in whole or in part by any of the sources of repayment specified in subsection (1)(a) to (d).

(4) To provide for the payment of principal or interest on the notes or bonds, if the anticipated revenues from the sources of repayment fail to provide adequate funds to meet any of the payments, the board may establish a reserve in an amount as it deems adequate. The funds to establish the reserve may be borrowed under this act, obtained from funds of the board, obtained over a period of time from the revenues pledged for repayment, or any combination thereof.

(5) Bonds or notes issued under this section shall provide for any rate of interest the board authorizes.

(6) The capital cost of the student loan program to be financed may include all expenses incident to or in connection therewith including fees of fiscal agents and trustees, legal and other consulting fees, administration costs of the student loan program, financing costs, a reasonable amount for contingencies, interest on any bonds or notes issued under this act for a period not exceeding the estimated time before the sources of repayment are expected to begin producing revenues and 6 months thereafter, and any other costs incident to the student loan program.

**History:** 1976, Act 289, Imd. Eff. Oct. 25, 1976.