

HIGHER EDUCATION FACILITIES AUTHORITY ACT (EXCERPT)
Act 295 of 1969

390.925a Loans to educational institutions for refunding of certain outstanding obligations; conditions.

Sec. 5a.

(1) The authority may lend money or participate in the lending of money to educational institutions for the refunding of outstanding obligations issued by educational institutions for the acquisition, construction, or alteration of educational facilities. An educational loan for refunding shall not be made unless the authority is reasonably satisfied that all of the following conditions exist:

(a) There will be made available to the institution from the loan and other sources all the funds that may be required to complete and pay for the acquisition, construction, or alteration of educational facilities.

(b) The revenues and income generally available and to become available to the institution for allocation to repayment of the loan and interest on the loan when due will be sufficient for repayment.

(c) The facility or alteration was needed, has not resulted in unnecessary duplication of existing facilities, and has been well planned.

(d) The facility or alteration is consistent with an orderly development and provision of educational services in the area.

(e) The acquisition, construction, or alteration of the educational facility has been paid and completed.

(f) The outstanding obligations of the educational institution to be refunded constitute a financial hardship to the educational institution, and the refunding of the obligations will enhance the ability of the educational institution to provide educational services.

(g) The loan shall not exceed the amount of principal and accrued interest outstanding with respect to the obligations to be refunded and incidental costs related to the issuance of bonds by the authority to provide funds to make the loan.

(2) The authority may lend money or participate in the lending of money to educational institutions as described in subsection (1) whether the loan is secured or unsecured, if the authority considers the action proper.

History: Add. 1973, Act 50, Imd. Eff. July 11, 1973 ;-- Am. 1975, Act 305, Imd. Eff. Dec. 22, 1975 ;-- Am. 1982, Act 409, Imd. Eff. Dec. 28, 1982