

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 520

Session of
1983

INTRODUCED BY MANDERINO AND GALLAGHER, MARCH 16, 1983

REFERRED TO COMMITTEE ON EDUCATION, MARCH 16, 1983

AN ACT

1 Amending the act of August 7, 1963 (P.L.549, No.290), entitled,
2 as amended, "An act creating the Pennsylvania Higher
3 Education Assistance Agency; defining its powers and duties;
4 conferring powers and imposing duties on the Governor,
5 President Pro Tempore of the Senate, Speaker of the House of
6 Representatives, Superintendent of Public Instruction and the
7 Department of Auditor General; and making appropriations,"
8 creating an Educational Loan Assistance Fund within the State
9 Treasury for the deposit of funds received by the agency; and
10 establishing debt service reserve accounts within the
11 Educational Loan Assistance Fund.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 Section 1. Section 4(3) of the act of August 7, 1963
15 (P.L.549, No.290), referred to as the Pennsylvania Higher
16 Education Assistance Agency Act, amended December 29, 1982
17 (P.L.1450, No.330), is amended to read:

18 Section 4. Powers and Duties.--In furtherance of the
19 purposes set forth in this act, the board of directors shall
20 have the following powers:

21 * * *

22 (3) To take, hold, administer, assign, lend, encumber,
23 mortgage, invest or otherwise dispose of, at public or private

1 sale, on behalf of the agency and for any of its purposes, real
2 property, personal property and moneys or any interest therein
3 including any mortgage or loan interest owned by it or under its
4 control or in its possession and the income therefrom either
5 absolutely or in trust. The board may acquire property or moneys
6 for such purpose by purchase or lease and by the acceptance of
7 gifts, grants, bequests, devises or loans. The board may, with
8 the approval of the Governor, borrow moneys by making and
9 issuing notes, bonds and other evidences of indebtedness of the
10 agency and by making and issuing refunding notes, bonds and
11 other evidences of indebtedness, as the board may from time to
12 time determine necessary to make and issue for the purposes of
13 purchasing, making or guaranteeing loans to students or parents,
14 or to lending institutions or to postsecondary institutions for
15 the purpose of student loans, but no obligation of the agency
16 shall be a debt of the State and it shall have no power to
17 pledge the credit or taxing power of the State nor to make its
18 debts payable out of any moneys except those of the corporation.
19 All accrued and future earnings from funds invested by the board
20 of directors and such other accrued and future non-appropriated
21 funds including but not limited to those funds obtained from the
22 Federal government, insurance premiums, charges assessed by the
23 agency, loan servicing revenues, and contributions for the same
24 purpose shall be available to the agency and [may be placed in
25 depositories approved by the State Treasurer or otherwise
26 invested by the agency under its investment options] shall be
27 deposited in the State Treasury and may be utilized at the
28 discretion of the board of directors for carrying out any of the
29 corporate purposes of the agency [either directly or through
30 augmentation of a State appropriation]. Any placement of such

1 funds by the State Treasurer in depositories or investments
2 shall be consistent with guidelines approved by the board of
3 directors. For the purpose of administration, the agency shall
4 be subject to the following provisions of "The Administrative
5 Code of 1929:" sections 610, 613[,], and 614 [and 615].

6 * * *

7 Section 2. Section 5.1 of the act, added December 29, 1982
8 (P.L.1450, No.330), is amended by adding a subsection to read:

9 Section 5.1. Bonds, Notes and Other Indebtedness.--* * *

10 (f) To secure payment of such bonds, notes or other
11 evidences of indebtedness, the agency may establish in the
12 Educational Loan Assistance Fund one or more reserve funds and
13 prescribe by resolution the sources of deposits therein, the
14 investment of amounts therein and the limitations on withdrawals
15 from such funds. Without limiting the generality of the
16 foregoing, the agency may create one or more debt service
17 reserve funds wherein specified deposits may be made and may
18 require that such deposits shall be used solely for the payment
19 of principal of, redemption premiums, if any, and interest on
20 the agency's bonds, notes or other obligations. The agency may
21 require that withdrawals of amounts in any such debt service
22 reserve fund not be made at any time in such amount as to reduce
23 the amount in such reserve fund to less than the amount which
24 the agency shall determine by resolution to be reasonably
25 necessary for the purposes of such reserve fund (referred to
26 herein as the debt service fund requirement) except for the
27 purpose of paying principal of, redemption premium, if any, and
28 interest on the bonds, notes or any obligations secured by such
29 reserve fund for the payment of which other specified moneys of
30 the agency are not available and except that any income or

1 interest earned by, or any increment to, any such reserve fund
2 by reason of investment of amounts therein may be transferred to
3 any other fund or account of the agency to the extent such
4 transfer does not reduce the amount in such debt service reserve
5 fund below the amount of its debt service reserve fund
6 requirement.

7 Section 3. The act is amended by adding a section to read:

8 Section 5.10. Educational Loan Assistance Fund.--There is
9 hereby created a fund within the State Treasury to be known as
10 the Educational Loan Assistance Fund. The fund shall be a
11 continuing fund in which may be deposited moneys received from
12 repayments of principal on loans from the fund and payments of
13 interest and other fees and charges with respect to loans made
14 pursuant to this act, insurance premiums and charges assessed
15 and collected by the agency on loans made from the fund,
16 appropriations made to the fund by the General Assembly,
17 proceeds of the sale of notes, bonds or other indebtedness to
18 the extent and in the manner provided in the resolution of the
19 board authorizing issuance thereof, other moneys received from
20 any other source for the purpose of the fund, and moneys
21 received from the Federal government for the purposes of the
22 fund or this act. Except as otherwise provided for in any
23 contract with the bondholders all appropriations and payments
24 made into the fund are hereby appropriated to the board and may
25 be applied and reapplied as the board shall direct and shall not
26 be subject to lapsing.

27 Section 4. This act shall take effect immediately.