

No. 1983-5

## AN ACT

HB 520

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

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

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

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

\* \* \*

(3) To take, hold, administer, assign, lend, encumber, mortgage, invest or otherwise dispose of, at public or private sale, on behalf of the agency and for any of its purposes, real property, personal property and moneys or any interest therein including any mortgage or loan interest owned by it or under its control or in its possession and the income therefrom either absolutely or in trust. The board may acquire property or moneys for such purpose by purchase or lease and by the acceptance of gifts, grants, bequests, devises or loans. The board may, with the approval of the Governor, borrow moneys by making and issuing notes, bonds and other evidences of indebtedness of the agency and by making and issuing refunding notes, bonds and other evidences of indebtedness, as the board may from time to time determine necessary to make and issue for the purposes of purchasing, making or guaranteeing loans to students or parents, or to lending institutions or to post-secondary institutions for the purpose of student loans, but no obligation of the agency shall be a debt of the State and it shall have no power to pledge the credit or taxing power of the State nor to make its debts payable out of any moneys except those of the corporation. All accrued and future earnings from funds invested by the board of directors and such other accrued and future nonappropriated funds including but not limited to those funds obtained from the Federal Government, insurance premiums, charges assessed by the agency, loan servicing revenues, and contributions for the same purpose shall be available to the agency and **[may be placed in depositories approved by the State Treasurer or otherwise invested by the agency under its investment options]** *shall be deposited in the State Treasury* and may be utilized at the discretion of the board of directors for carrying out

any of the corporate purposes of the agency [either directly or through augmentation of a State appropriation]. Any placement of such funds by the State Treasurer in depositories or investments shall be consistent with guidelines approved by the board of directors. For the purpose of administration, the agency shall be subject to the following provisions of "The Administrative Code of 1929:" sections 610, 613[,] and 614 [and 615].

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

Section 5.1. Bonds, Notes and Other Indebtedness.—\* \* \*

(f) *To secure payment of such bonds, notes or other evidences of indebtedness, the agency may establish in the Educational Loan Assistance Fund one or more reserve funds and prescribe by resolution the sources of deposits therein, the investment of amounts therein and the limitations on withdrawals from such funds. Without limiting the generality of the foregoing, the agency may create one or more debt service reserve funds wherein specified deposits may be made and may require that such deposits shall be used solely for the payment of principal of, redemption premiums, if any, and interest on the agency's bonds, notes or other obligations. The agency may require that withdrawals of amounts in any such debt service reserve fund not be made at any time in such amount as to reduce the amount in such reserve fund to less than the amount which the agency shall determine by resolution to be reasonably necessary for the purposes of such reserve fund (referred to herein as the debt service fund requirement) except for the purpose of paying principal of, redemption premium, if any, and interest on the bonds, notes or any obligations secured by such reserve fund for the payment of which other specified moneys of the agency are not available and except that any income or interest earned by, or any increment to, any such reserve fund by reason of investment of amounts therein may be transferred to any other fund or account of the agency to the extent such transfer does not reduce the amount in such debt service reserve fund below the amount of its debt service reserve fund requirement.*

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

*Section 5.10. Educational Loan Assistance Fund.—There is hereby created a fund within the State Treasury to be known as the Educational Loan Assistance Fund. The fund shall be a continuing fund in which may be deposited moneys received from repayments of principal on loans from the fund and payments of interest and other fees and charges with respect to loans made pursuant to this act, insurance premiums and charges assessed and collected by the agency on loans made from the fund, appropriations made to the fund by the General Assembly, proceeds of the sale of notes, bonds or other indebtedness to the extent and in the manner provided in the resolution of the board authorizing issuance thereof, other moneys received from any other source for the purpose of the fund, and moneys received from the Federal Government for the purposes of the fund or this act. Except as otherwise provided for in any contract with the bondholders, all appropriations and payments made into the fund are hereby appropriated to*

*the board and may be applied and reapplied as the board shall direct and shall not be subject to lapsing.*

Section 4. This act shall take effect immediately.

APPROVED—The 13th day of May, A. D. 1983.

DICK THORNBURGH