

**SUBSTITUTE FOR  
HOUSE BILL NO. 4851**

A bill to amend 1975 PA 222, entitled  
"Higher education loan authority act,"  
by amending section 4 (MCL 390.1154), as amended by 1989 PA 127.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 4. The authority shall have the powers necessary to carry  
2 out and effectuate the purposes of this act, including, but not  
3 limited to, the following powers:

4           (a) The power to sue and be sued; to have a seal and alter the  
5 seal at pleasure; to have perpetual succession; to make, execute,  
6 and deliver contracts, conveyances, bonds, and other instruments  
7 necessary in the exercise of its powers; and to make and amend  
8 bylaws.

9           (b) The power to accept gifts, grants, loans, and other aids

1 or amounts from a person, corporation, or governmental agency.

2 (c) The power to loan money to students and parents of  
3 students for the purpose of assisting students in obtaining an  
4 education beyond or in addition to obtaining a high school  
5 education by attending an eligible institution, including  
6 refinancing or consolidating borrower obligations previously  
7 incurred by a student or parent of a student with other lending  
8 sources for this purpose and participating in loans to students and  
9 parents of students for this purpose with other lending sources.

10 (d) The power to enforce its rights under a contract or  
11 agreement including the commencement of a court action.

12 (e) The power to acquire, hold, and dispose of real and  
13 personal property necessary for the accomplishment of the purposes  
14 of this act.

15 (f) The power to procure insurance against losses that may be  
16 incurred in connection with its property, assets, activities, or  
17 the exercise of the powers granted under this act.

18 (g) The power to borrow money and to issue its bonds and  
19 provide for the rights of the holders of the bonds and to secure  
20 the bonds by assignment, pledge, or granting a security interest in  
21 its property including all or a part of a borrower obligation. The  
22 state shall not be liable for the repayment of bonds issued by the  
23 authority, the bonds issued by the authority shall not be a debt of  
24 the state, and each bond shall contain on its face a statement to  
25 this effect. The authority may, at its option, authorize the  
26 issuance of bonds for the purposes described in section 5 that are  
27 subject to federal income taxation, notwithstanding any

1 intergovernmental immunity from federal taxation under the  
2 constitution of the United States for bonds of the authority, but  
3 any waiver of intergovernmental immunity, expressed or implied in  
4 this act, shall extend only to bonds specifically authorized by the  
5 authority as bonds that are subject to federal income taxation.

6 (h) The power to invest funds not required for immediate use  
7 or disbursement in obligations of the state or the United States,  
8 in obligations the principal and interest of which are guaranteed  
9 by the state or the United States, in United States government or  
10 federal agency obligation repurchase agreements, in mutual funds  
11 and common trust funds composed of investment vehicles that are  
12 legal for direct investment by the authority, in bankers'  
13 acceptances of United States banks, in certificates of deposit,  
14 savings accounts, deposit accounts, or depository receipts of a  
15 bank that is a member of the federal deposit insurance corporation  
16 or a savings and loan association that is a member of the federal  
17 savings and loan insurance corporation or a credit union that is  
18 insured by the national credit union administration, or up to 50%  
19 of the funds in commercial paper rated at the time of purchase  
20 within the 3 highest rating classifications established by not less  
21 than 2 standard rating services and that matures not more than 270  
22 days after the date of purchase.

23 (i) Subject to a contract with the holders of its bonds, an  
24 applicable bond resolution, or a contract with the recipient of a  
25 loan, when the authority considers it necessary or desirable, the  
26 power to consent to the modification, with respect to security,  
27 rate of interest, time of payment of interest or principal, or

1 other term of a bond contract or agreement between the authority  
2 and a recipient of a loan, bondholder, or agency or institution  
3 guaranteeing the repayment of a borrower obligation.

4 (j) The power to engage the services of private consultants to  
5 render professional and technical assistance and advice in carrying  
6 out the purposes of this act.

7 (k) The power to appoint officers, agents, and employees,  
8 describe their duties, and fix their compensation subject to rules  
9 promulgated by the ~~state~~ department of civil service.

10 (l) The power to solicit grants and contributions from a  
11 government, or an agency of government, or from the public, and, at  
12 its discretion, to arrange for the guaranteeing of the repayment of  
13 borrower obligations by other agencies of the state or agencies of  
14 the United States.

15 (m) The power to promulgate rules consistent with this act and  
16 necessary to carry out the purpose of this act pursuant to the  
17 administrative procedures act of 1969, ~~Act No. 306 of the Public~~  
18 ~~Acts of 1969, as amended, being sections 24.201 to 24.328 of the~~  
19 ~~Michigan Compiled Laws 1969 PA 306, MCL 24.201 TO 24.328.~~

20 (n) The power to collect fees and charges in connection with  
21 its loans, commitments, and servicing, including reimbursement of  
22 the costs of financing by the authority, service charges, and  
23 insurance premiums the authority determines are reasonable and as  
24 approved by the authority.

25 (o) The power to sell borrower obligations held by the  
26 authority for a price and at a time and pursuant to other terms,  
27 including undertakings or options to repurchase borrower

1 obligations, as the authority may determine, if the sale will not  
2 impair the rights or interests of holders of bonds issued by the  
3 authority.

4 (p) The power to participate in federal programs supporting  
5 loans to eligible students and parents of students, and to agree to  
6 and comply with the conditions of those programs.

7 (q) The power to purchase or otherwise acquire notes or debt  
8 obligations evidencing loans to students or parents of students.

9 (r) The power to purchase, sell, or exchange borrower  
10 obligations securing a series of bonds of the authority with, or  
11 for the proceeds of, or the borrower obligations securing a  
12 separate series of bonds of the authority, but only to the extent  
13 permitted by the respective bond resolutions for the affected  
14 series of bonds.

15 (s) The power to grant and pay money to the Michigan higher  
16 education assistance authority established by ~~Act No. 77 of the~~  
17 ~~Public Acts of 1960, being sections 390.951 to 390.961 of the~~  
18 ~~Michigan Compiled Laws 1960 PA 77, MCL 390.951 TO 390.961~~, for its  
19 loan guaranty fund whenever the authority determines the grant and  
20 payment is necessary or beneficial in order to effectuate and carry  
21 out the powers, duties, and functions of the authority under this  
22 act.

23 (t) The power to enter into contracts with other authorities,  
24 governmental agencies, private persons, firms, or corporations in  
25 connection with any transaction relating to any indebtedness  
26 incurred by the authority in the providing of funds for the  
27 achievement of its purposes under this act.

1           (u) ~~Competitively~~ **THE POWER TO COMPETITIVELY** contract for  
2 services including consulting services as needed to carry out the  
3 purposes of this act.

4           (V) **IN THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2007, THE**  
5 **POWER TO GRANT AND PAY MONEY TO THE MICHIGAN MERIT AWARD TRUST FUND**  
6 **ESTABLISHED BY SECTION 9 OF THE MICHIGAN TRUST FUND ACT, 2000 PA**  
7 **489, MCL 12.259, FOR ANY SCHOLARSHIP OR TUITION INCENTIVE PROGRAM**  
8 **FUNDED UNDER SECTION 10 OF THE MICHIGAN TRUST FUND ACT, 2000 PA**  
9 **489, MCL 12.260.**