

HIGHER EDUCATION LOAN AUTHORITY ACT (EXCERPT)
Act 222 of 1975

390.1161 Default; appointment and powers of trustee; rights of bondholders and trustee.

Sec. 11. (1) If the authority defaults in the payment of principal of or interest on an issue of bonds after the issue becomes due, whether at maturity or upon call for redemption, and the default continues for 30 days, or if the authority fails or refuses to comply with this act, or defaults in an agreement made with the holders of an issue of bonds, the holders of 25% in aggregate principal amount of the bonds of the issue then outstanding, by instrument or instruments filed in the office of the clerk of the county of Ingham and approved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds for the purposes provided in this section.

(2) The trustee may, and upon written request of the holders of 25% in principal amount of the bonds then outstanding shall, in his own name, by action or proceeding, enforce all rights of the bondholders, including the right to require the authority to collect fees, charges, interest, and amortization payments of loans made by it adequate to carry out the agreement as to, or pledge of, the fees, charges, interest, and amortization payment on the loans and other properties and to require the authority to carry out other agreements with the holders of the bonds and to perform its duties under this act; bring an action upon the bonds; bring an action to require the authority to account as if it were the trustee of an express trust for the holders of the bonds due and payable, and if all defaults are made good, then, with the consent of the holders of 25% of the principal amount of the bonds then outstanding, to annul the declaration and its consequences.

(3) The holders of bonds and the trustee authorized by this section shall have all of the rights to which they are entitled by virtue of provisions included in the bonds or otherwise available to them under law.

History: 1975, Act 222, Eff. Oct. 1, 1975.