

HIGHER EDUCATION LOAN AUTHORITY ACT Act 222 of 1975

AN ACT to establish the Michigan higher education student loan authority for the purpose of providing loans to eligible students and to parents of students; to prescribe its powers and duties; to authorize the authority to borrow money and issue bonds which are subject to or exempt from federal income taxation and to provide for the disposition of those funds; to exempt the bonds from taxation; to authorize the authority to acquire loans made to eligible students or to parents of students; and to authorize persons, corporations, and associations to make gifts to the authority.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1984, Act 259, Imd. Eff. Dec. 7, 1984;—Am. 1987, Act 206, Eff. Jan. 1, 1988.

The People of the State of Michigan enact:

390.1151 Short title.

Sec. 1. This act shall be known and may be cited as the "higher education loan authority act".

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

Compiler's note: For transfer of powers and duties of Michigan higher education student loan authority to Michigan finance authority, see E.R.O. No. 2010-2, compiled at MCL 12.194

390.1152 Definitions.

Sec. 2. As used in this act:

- (a) "Authority" means the Michigan higher education student loan authority created by section 3.
- (b) "Bonds" means the bonds authorized to be issued by the authority under this act, which may consist of bonds, notes, term loans, commercial paper, or other debt obligations evidencing an obligation to repay borrowed money and payable solely from revenues and other money pledged by the authority.
- (c) "Bond resolution" or "resolution", when used in relation to the issuance of bonds, means either the resolution or trust agreement securing the bonds.
- (d) "Eligible institution" means an institution of higher education; a vocational school; or, with respect to students or their parents who are citizens or nationals of the United States, an institution outside the United States comparable to an institution of higher education or to a vocational school that is approved by the state board of education and by the United States secretary of education for purposes of the guaranteed loan program.
- (e) "National of the United States" means a person who, though not a citizen of the United States, owes permanent allegiance to the United States, as described in section 101(a)(22)(B) of the immigration and nationality act, 8 USC 1101.
- (f) "Obligations" or "borrower obligations" means loan notes and other debt obligations evidencing loans to students or parents of students that the authority may take, acquire, buy, sell, or indorse under this act and may include a direct or indirect interest in whole or part of the notes or obligations.
- (g) "Parent" means a biological or adoptive parent or legal guardian.
- (h) "Standard rating service" means a service recognized in the investment profession that evaluates and measures securities investment and credit risk.
- (i) "Student" means a person who is enrolled or accepted for enrollment at an eligible institution and who is making suitable progress in his or her education toward obtaining a degree or other appropriate certification in accordance with standards acceptable to the authority.
- (j) "Talent investment fund" means the talent investment fund as defined in section 8a.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1984, Act 259, Imd. Eff. Dec. 7, 1984;—Am. 1987, Act 206, Eff. Jan. 1, 1988;—Am. 2018, Act 228, Imd. Eff. June 27, 2018.

Compiler's note: For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

For transfer of powers of department of labor and economic growth regarding career and technical education program for secondary students to department of education by type II transfer, see E.R.O. No. 2007-1, compiled at MCL 388.998.

390.1153 Authority; creation; autonomous entity; members; terms; quorum; action by authority; meetings.

Sec. 3. (1) The Michigan higher education student loan authority is created as a public body corporate and politic within the department of education. The authority shall exercise its powers as an autonomous entity, independent of the director of the department of education.

(2) The authority shall consist of the members of the Michigan higher education assistance authority, as

provided by section 2 of Act No. 77 of the Public Acts of 1960, as amended, being section 390.952 of the Michigan Compiled Laws. The terms of office of the members shall be the same as prescribed in section 3 of Act No. 77 of the Public Acts of 1960, being section 390.953 of the Michigan Compiled Laws.

(3) A majority of the members of the authority qualified and serving constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of a vacancy. Action may be taken by the authority upon a vote of a majority of the members present, unless the bylaws of the authority require a larger number. Meetings of the authority may be held anywhere within the state.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1989, Act 127, Imd. Eff. June 28, 1989.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibilities of the Michigan higher education assistance authority, the Michigan higher education student loan authority, and the office of student financial assistance services in the department of education to the department of treasury, see E.R.O. No. 1995-2, compiled at MCL 12.181 of the Michigan Compiled Laws.

For replacement of the superintendent of public instruction as an ex officio member and chairperson of the Michigan higher education assistance authority and the Michigan higher education student loan authority by the state treasurer, see E.R.O. No. 1995-2, compiled at MCL 12.181 of the Michigan Compiled Laws.

For abolishment of governing body of Michigan higher education student loan authority, see E.R.O. No. 2010-2, compiled at MCL 12.194.

390.1154 Powers of authority.

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

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

(b) The power to accept gifts, grants, loans, and other aids or amounts from a person, corporation, or governmental agency.

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

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

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

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

(g) The power to borrow money and to issue its bonds and provide for the rights of the holders of the bonds and to secure the bonds by assignment, pledge, or granting a security interest in its property including all or a part of a borrower obligation. This state shall not be liable for the repayment of bonds issued by the authority, the bonds issued by the authority shall not be a debt of this state, and each bond shall contain on its face a statement to this effect. The authority may, at its option, authorize the issuance of bonds for the purposes described in section 5 that are subject to federal income taxation, notwithstanding any intergovernmental immunity from federal taxation under the constitution of the United States for bonds of the authority, but any waiver of intergovernmental immunity, expressed or implied in this act, shall extend only to bonds specifically authorized by the authority as bonds that are subject to federal income taxation.

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

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

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

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

(k) The power to appoint officers, agents, and employees, describe their duties, and fix their compensation subject to rules promulgated by the civil service commission.

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

(m) The power to promulgate rules consistent with this act and necessary to carry out the purpose of this act pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

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

(o) The power to sell borrower obligations held by the authority for a price and at a time and pursuant to other terms, including undertakings or options to repurchase borrower obligations, as the authority may determine, if the sale will not impair the rights or interests of holders of bonds issued by the authority.

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

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

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

(s) The power to grant and pay money to the Michigan higher education assistance authority established by 1960 PA 77, MCL 390.951 to 390.961, for its loan guaranty fund whenever the authority determines the grant and payment is necessary or beneficial in order to effectuate and carry out the powers, duties, and functions of the authority under this act.

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

(u) The power to competitively contract for services including consulting services as needed to carry out the purposes of this act.

(v) In the state fiscal year ending September 30, 2007, the power to grant and pay money to the Michigan merit award trust fund established by section 9 of the Michigan trust fund act, 2000 PA 489, MCL 12.259, to provide funding only for 1 or more of the following:

(i) State competitive scholarships under 1964 PA 208, MCL 390.971 to 390.981.

(ii) Tuition grants under 1966 PA 313, MCL 390.991 to 390.997a.

(iii) The Michigan work-study program established in 1986 PA 288, MCL 390.1371 to 390.1382.

(iv) The Michigan work-study program established in 1986 PA 303, MCL 390.1321 to 390.1332.

(v) The Michigan nursing scholarship program established in the Michigan nursing scholarship act, 2002 PA 591, MCL 390.1181 to 390.1189.

(w) In the state fiscal year ending September 30, 2018, the power to grant and pay money to the talent investment fund established under section 8a, to provide \$100,000,000.00 to the talent investment fund.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1976, Act 163, Imd. Eff. June 21, 1976;—Am. 1978, Act 253, Imd. Eff. June 20, 1978;—Am. 1984, Act 259, Imd. Eff. Dec. 7, 1984;—Am. 1987, Act 206, Eff. Jan. 1, 1988;—Am. 1989, Act 127, Imd. Eff. June 28, 1989;—Am. 2007, Act 34, Imd. Eff. July 11, 2007;—Am. 2018, Act 228, Imd. Eff. June 27, 2018.

Compiler's note: For transfer of authority, powers, duties, functions, and responsibilities of the Michigan higher education assistance authority, the Michigan higher education student loan authority, and the office of student financial assistance services in the department of education to the department of treasury, see E.R.O. No. 1995-2, compiled at MCL 12.181 of the Michigan Compiled Laws.

For consolidation of administrative staff of Michigan higher education assistance authority, Michigan higher education facilities authority, Michigan higher education student loan authority, Michigan municipal bond authority, and state hospital finance authority, and for transfer of certain functions to state treasurer, see E.R.O. No. 2002-8, compiled at MCL 12.193.

Administrative rules: R 390.1601 et seq. and R 390.1621 et seq. of the Michigan Administrative Code.

390.1154a Loans to students or parents of students; purpose; rules.

Sec. 4a. In addition to the powers enumerated in section 4, the authority may loan money to students or parents of students who are residents of this state to assist them to pay for the cost of the student's attendance at a degree-granting college or university located in this state. The authority shall promulgate rules under the

administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws, to establish payment and repayment terms for the loans authorized under this section.

History: Add. 1989, Act 96, Imd. Eff. June 21, 1989.

Administrative rules: R 390.1621 et seq. of the Michigan Administrative Code.

390.1155 Bonds; purposes; general obligation of authority; determination; resolution; requirements; issuance subject to agency financing reporting act; interest rate exchange or agreement; establishment of reserve fund.

Sec. 5. (1) The authority may issue bonds in the principal amounts necessary to provide money for achieving its purposes under this act, including, but not limited to, the payment of interest on bonds of the authority, the establishment of reserves, including 1 or more reserve funds described in subsection (6), to secure the bonds, and the payment of other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. The authority may issue refunding bonds when it considers refunding expedient, whether the bonds to be refunded have or have not matured. The authority shall apply the proceeds of the refunding bonds to the purchase, redemption, or payment of the bonds refunded. Except as otherwise expressly provided in a resolution authorizing bonds, an issue of bonds is a general obligation of the authority to be satisfied out of revenues or money or other property of the authority, subject to an agreement with the holders of particular receipts, revenues, or other property of the authority that has been pledged or mortgaged.

(2) Bonds issued by the authority under this section are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) The authority shall authorize bonds under this section by resolution. The bonds shall bear interest at a rate or rates, which are fixed for the term of the bonds or which are calculated upon a formula to vary; be in the denominations; be in a form approved by the authority; carry registration privileges; be executed in a manner; be payable in a medium of payment; and at a place or places; be subject to terms of redemption; and be subject to any other terms and conditions as the resolution or resolutions may provide. The bonds authorized under this section may be sold by the authority at public or private sale at a price determined by the authority. If the bonds are:

(a) Serial bonds or term bonds, or both, the bonds shall bear a date, and, if serial bonds, shall be payable either semiannually or annually, and shall mature at a time or times, not exceeding 40 years after the date of issue, as provided in the resolution or resolutions.

(b) Term loans, commercial paper, or other evidences of indebtedness, the bonds shall bear a date or dates, and shall mature at a time or times not exceeding 30 years after the date of issue, as provided in the resolution or resolutions.

(4) The issuance of bonds and notes under this section is subject to the agency financing reporting act, 2002 PA 470, MCL 129.171 to 129.177.

(5) For the purpose of more effectively managing its debt service, the authority may enter into an interest rate exchange or swap, hedge, or similar agreement with respect to its bonds or notes, on the terms and payable from the sources and with the security, if any, established by a resolution of the authority.

(6) The authority, with the approval of the state treasurer, may establish 1 or more special funds as reserve funds. All of the following apply to a reserve fund established under this section:

(a) The authority shall pay into a reserve fund money appropriated to that reserve fund; proceeds of the sale of bonds to the extent provided in the resolution or resolutions of the authority authorizing the issuance of the bonds; and any other money received by or available to the authority for the purpose of the reserve fund from any other source, including, but not limited to, a transfer of all or any portion of the authority's unencumbered net assets to the reserve fund.

(b) The authority shall establish by resolution a minimum balance for a reserve fund. Except as otherwise provided by resolution of the authority, the authority shall not withdraw money from a reserve fund if that withdrawal would reduce the balance of the reserve fund to an amount less than the minimum balance established under this subdivision for the reserve fund, except for payment of any debt service on the bonds secured by the reserve fund when due if the authority does not have other money available to make that payment.

(c) Money in a reserve fund shall be used only to provide security for bonds issued by the authority, including the pledge of all or any portion of the reserve fund to secure all or any portion of the bonds of the authority.

(d) If at any time a reserve fund is exhausted, on or before September 1 the chairperson of the authority shall certify to the governor and the state budget director the amount, if any, necessary to restore the balance

of the reserve fund to an amount equal to the minimum balance required under subdivision (b) for that reserve fund, and the governor and the state budget director shall include an appropriation to the authority for that reserve fund, in the amount certified by the chairperson, in the annual budget submitted to the legislature for the next state fiscal year.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1976, Act 163, Imd. Eff. June 21, 1976;—Am. 1977, Act 50, Imd. Eff. July 5, 1977;—Am. 1978, Act 253, Imd. Eff. June 20, 1978;—Am. 1983, Act 122, Imd. Eff. July 18, 1983;—Am. 1984, Act 259, Imd. Eff. Dec. 7, 1984;—Am. 2002, Act 547, Imd. Eff. July 26, 2002;—Am. 2008, Act 269, Imd. Eff. Sept. 10, 2008.

390.1156 Bonds; pledge and agreement of state.

Sec. 6. The state pledges and agrees with the holders of bonds issued under this act that the state shall not limit or alter the rights vested in the authority to fulfill the terms of an agreement made with the holders of the bonds, and shall not impair the rights and remedies of the holders until the bonds, together with the interest on the bonds and interest on any unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of those holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state in an agreement with the holders of the bonds.

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

390.1157 Bonds as investment securities.

Sec. 7. The bonds of the authority are securities, in which public officers and bodies of this state, municipalities and municipal subdivisions, insurance companies and associations, persons carrying on an insurance business, banks, trust companies, savings banks and savings associations, savings and loan associations, investment companies, administrators, guardians, executors, trustees, other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them.

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

390.1158 Disposition of moneys of authority; contracts with holders of bonds; audit.

Sec. 8. (1) The moneys of the authority, except as otherwise authorized or provided in this section, shall be paid to the state treasurer as an agent of the authority, or a fiscal agent as approved by the state treasurer, who shall not commingle the moneys with other moneys. The moneys shall be deposited in a separate bank account or accounts. The moneys in the accounts shall be paid out on warrants signed by the state treasurer or on checks or drafts of the fiscal agent approved by the state treasurer, on requisition of the chair of the authority or of another officer or employee authorized by the authority to make the requisition. Priority in the allocation for deposits in banks of funds received or collected by the authority under this act shall be based upon the interest rate offered by the bank for the deposit and the extent of the bank's participation as a lender for guaranteed student loans made pursuant to section 7 of Act No. 77 of the Public Acts of 1960, as amended, being section 390.957 of the Michigan Compiled Laws.

(2) The authority, subject to the approval of the state treasurer, may contract with the holders of its bonds as to the custody, collection, securing, investment, and payment of moneys of the authority, or of moneys held in trust or otherwise for the payment of bonds.

(3) The financial records of the authority shall be audited annually by the auditor general or by a certified public accountant appointed by the auditor general.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1978, Act 253, Imd. Eff. June 20, 1978;—Am. 1987, Act 206, Eff. Jan. 1, 1988.

390.1158a Talent investment fund; creation; deposit of money and other assets; money remaining at close of fiscal year; administration; use of fund.

Sec. 8a. (1) The talent investment fund is created within the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the talent investment fund. The state treasurer shall direct the investment of the talent investment fund in accordance with section 4(h). The state treasurer shall credit to the talent investment fund interest and earnings from talent investment fund investments.

(3) Money in the talent investment fund at the close of the fiscal year shall remain in the talent investment fund and shall not lapse to the general fund.

(4) The department of treasury may be the administrator of the talent investment fund for auditing purposes.

(5) The department of treasury shall expend money from the fund, upon appropriation, only for the purpose of enhancing the economic talent of Michigan residents, increasing access to academic and technical credentials or certifications, improving educational opportunities, or other purposes as provided by law.

History: Add. 2018, Act 228, Imd. Eff. June 27, 2018.

390.1159 Tax exemptions; bonds and interest coupons negotiable; registration of bonds.

Sec. 9. (1) The authority shall not be required to pay taxes on property owned by the authority under this act or upon the income derived from the property. The bonds issued under this act, their transfer, and the income derived from the bonds, including a profit made on the sale of the bonds, shall be exempt from taxation by the state, a local unit of government or political subdivision, or other instrumentality of the state notwithstanding that the interest may be subject to federal income tax.

(2) Bonds issued under this act and the interest coupons, if any, attached to the bonds shall be fully negotiable and have all of the qualities incident to negotiable instruments under the uniform commercial code, Act No. 174 of the Public Acts of 1962, as amended, being sections 440.1101 to 440.11102 of the Michigan Compiled Laws, subject only to the provisions for registration of the bonds which may appear on the bonds.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1984, Act 259, Imd. Eff. Dec. 7, 1984;—Am. 1987, Act 206, Eff. Jan. 1, 1988.

390.1160 Pledge by authority; lien of pledge; recording not required.

Sec. 10. A pledge made by the authority shall be valid and binding from the time the pledge is made. The moneys or property pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act. The lien of the pledge shall be valid and binding against all parties having a claim in tort, contract, or otherwise against the authority, irrespective of whether the parties have notice of the claim. Neither the resolution nor another instrument by which a pledge is created need be recorded.

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

390.1162 Loans to students or parents of students; rules; basis of determining amount of loan; description of options; federally reinsured loans; variable repayment schedules; revised repayment term or schedule.

Sec. 12. (1) The authority may make loans to students enrolled or to be enrolled in eligible institutions or to the parents of students out of moneys available to the authority for loans. The authority shall promulgate rules for determining the needs of the respective students and parents of students for loans and for the purpose of making loans. The amount of a loan made by the authority to a student or parent of a student, whether the student is enrolled or is to be enrolled in a private institution or a tax-supported public institution, shall be determined by the authority upon the basis of substantially similar standards and guides for any authority loan program set forth in the authority's rules. The authority, in determining the needs of students or parents of students for loans, may consider the amount of assistance available to the students.

(2) At the time the authority makes a loan, and again when a repayment schedule on the loan is provided to the borrower, the authority shall describe in detail whether an option exists, and if so, who may exercise the option, under what conditions the option may be exercised, and what options are available relating to all of

the following:

- (a) The term of the loan.
- (b) The repayment period on the loan.
- (c) An extension of the term or repayment period on the loan and the conditions of repayment under the extension.
- (d) A deferment or forbearance on the repayment of the loan or on interest accruing on the loan, whether interest is to be paid during the deferment or forbearance, and the terms of repayment after the deferment or forbearance.
- (e) The period of time between installment payments on the loan and whether graduated or unequal installment payments may be made.
- (f) The minimum annual payment on the loan, and if more than 1 loan is taken from the authority or if the borrower takes or has taken an educational loan from another source, the availability of consolidation, transfer, or assignment of the loans and the minimum annual payment on the aggregate of the loans.
- (g) The availability of loan counseling to answer questions relating to repayment options.
- (h) The revision or renegotiation of the repayment schedule on the loan after repayment has commenced, or if other educational loans from the authority or another source are taken after the repayment has commenced.

(3) On loans made by the authority which are federally reinsured loans, the authority may establish variable repayment schedules conforming to the need and documented income levels of borrowers, if the schedules are not inconsistent with the federal laws, rules, or regulations governing the reinsured loans. A borrower making payments on a loan may request and be granted a revised repayment term or schedule based upon the established variable repayment schedules.

History: 1975, Act 222, Eff. Oct. 1, 1975;—Am. 1978, Act 253, Imd. Eff. June 20, 1978;—Am. 1987, Act 206, Eff. Jan. 1, 1988.

Administrative rules: R 390.1601 et seq. of the Michigan Administrative Code.

390.1163 Personal liability.

Sec. 13. A member of the authority or a person executing the notes, bonds, or other obligations of the authority is not personally liable for the repayment of the note, bond, or other obligation or subject to personal liability or accountability by reason of the issuance or nonissuance thereof.

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

390.1164 Repealed. 1976, Act 163, Imd. Eff. June 21, 1976.

Compiler's note: The repealed section provided for an advisory opinion as to constitutionality.

390.1165 Effective date.

Sec. 15. This act shall not take effect until October 1, 1975.

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