

No. 235

AN ACT

SB 1345

Amending the act of December 6, 1967 (P.L.678), entitled "An act to promote the education and welfare of the people of the Commonwealth of Pennsylvania; to provide educational facilities at nonprofit institutions of higher education in the Commonwealth of Pennsylvania; and creating the Pennsylvania Higher Educational Facilities Authority as a body corporate and politic with power to acquire, construct, improve, equip, furnish, operate, lease and dispose of projects; authorizing and regulating the issuance of notes and bonds and the payment thereof by said authority; and providing that no debt, obligation, or credit of the Commonwealth shall be incurred in the exercise of any powers granted by this act," authorizing the pledge of revenues by educational institutions.

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

Section 1. Clause (4) of section 5, act of December 6, 1967 (P.L.678), known as "The Pennsylvania Higher Educational Facilities Authority Act of 1967," is amended to read:

Section 5. Purposes and General Powers.—The authority is created for the purpose of acquiring, constructing, improving, maintaining and operating any educational facility.

The authority is hereby granted and shall have and may exercise all the powers necessary or convenient for the carrying out of the aforesaid purposes, including but without limiting the generality of the foregoing, the following rights and powers:

* * *

(4) To acquire, purchase, hold, lease as lessee, and use any property, real, personal or mixed, tangible or intangible, any educational facility, or any interest therein, or any contract for the acquisition, construction, furnishing or equipping thereof, necessary or desirable for carrying out the purposes of the authority, and, with respect to a college, lease as lessor, transfer, sell, grant options for, and dispose of any educational facility, property or any interest therein at any time acquired by it. *Any lease to a college of any educational facility or any instrument of transfer, sale or option to a college of any educational facility hereby authorized may contain provisions, which shall be a part of the contract with the holders of the bonds of the authority issued with respect to such educational facility; (i) pledging or granting a security interest in all or any part of the present and future accounts, contract rights and general intangibles of the college, consisting of fees, rates, and other charges billed to and payable by all occupants of such educational facility, and all or any part of present and future tuition fees billed to and payable by all full-time and part-time students enrolled in such college to secure payments required under the terms of such lease or instrument; (ii)*

specifying or regulating the minimum rates, rentals, fees, tuitions, and other charges to be fixed and collected by the college, the amounts to be raised in each year thereby, and the use and disposition of such moneys, earnings, income and revenues, including the setting aside of reserves and the creation of special funds and the collection and disposition thereof for the protection of the authority or its bondholders; and (iii) any other matters of like or different character which may be deemed necessary or desirable for the security or protection of the authority or its bondholders. Any pledge of present and future accounts, contract rights and general intangibles hereinbefore authorized shall be valid, binding, and perfected pledges and security interests from the time when such pledge is made or such security interest granted. The accounts, contract rights and general intangibles so pledged and the moneys, earnings, income and revenues derived therefrom when thereafter received by the pledgor shall immediately be subject to the lien of such pledge or security interest without any physical delivery thereof or further act. The lien of any such pledge of security interest shall be valid and binding as against all parties claiming liens upon such accounts, contract rights and general intangibles as a result of legal or equitable proceedings based on claims of any kind in tort, contract or otherwise against the pledgor irrespective of whether such parties have notice thereof. No instrument by which such pledge is created or security interest granted need be recorded or otherwise filed of record. All colleges are hereby authorized to enter into leases or other instruments containing the provisions herein authorized, anything in the charters of such colleges or in any other law to the contrary notwithstanding;

* * *

Section 2. This act shall take effect immediately.

APPROVED—The 25th day of November, A. D. 1970.

RAYMOND P. SHAFER

The foregoing is a true and correct copy of Act of the General Assembly No. 235.



Secretary of the Commonwealth.