

No. 1983-77

AN ACT

SB 198

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," clarifying authority of the board of directors to establish the rate of interest on certain student loans and authorize certain lenders to pledge student loan notes as collateral for deposit of State moneys.

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

Section 1. Section 4(1) of the act of August 7, 1963 (P.L.549, No.290), known 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:

(1) To make, guarantee, undertake commitments to make or acquire and participate with lending or postsecondary institutions in the making of loans, service or otherwise provide loans of money upon such terms and conditions as the board may prescribe within the limitations contained herein or applicable Federal law, at such rates of interest as are determined by the agency, to lenders, postsecondary institutions and to persons who are residents of this State and who plan to attend or are attending any approved institution of higher education eligible under this act or applicable Federal law, in this State or elsewhere to assist them in meeting their expenses of higher education. No such person shall receive any loan or loan guarantee in excess of annual and maximum limits as established by the board of directors or in compliance with limits established for loans funded, guaranteed or reinsured under Federal laws. Such loans or loan guarantees shall become due and payable at the direction of the board of directors. *Loans made or guaranteed by the agency shall not be subject to the provisions of the act of January 30, 1974 (P.L.13, No.6), referred to as the Loan Interest and Protection Law, or to any other law which establishes a limit of interest rate which may be charged thereon. The board of directors of the agency shall have the sole authority and discretion to establish the interest rates on all loans made or guaranteed by the agency.*

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Section 2. Section 7.1 of the act, amended December 30, 1974 (P.L.1111, No.357), is amended to read:

Section 7.1. Banks, etc., Authorized to Invest in Loans.—All banks, bank and trust companies, trust companies, savings banks, private banks, building and loan associations, credit unions and saving and loan associa-

tions organized under the laws of this Commonwealth or the United States and all insurance companies, pension funds and trusts, the State Employees' Retirement Fund, the Public School Employees' Retirement Fund, and corporations and associations approved by the board of directors, may invest in loans guaranteed *or made* by the agency [and made] for the payment of expenses incurred or to be incurred in acquiring an education at a post-secondary institution of higher learning. *Any bank, banking institution or trust company, and savings and loan association which is designated as a depository for State moneys shall be permitted to pledge notes representing State or Federally insured loans to students or parents of students as collateral for the deposit of State funds or any of its political subdivisions and the market value of such pledge of student loans shall approximate no less than 120% of the value of the funds deposited.*

Section 3. This act shall take effect immediately.

APPROVED—The 20th day of December, A. D. 1983.

DICK THORNBURGH