REFERENCE TITLE: student loan bonds

State of Arizona
House of Representatives
Fifty-second Legislature
First Regular Session
2015

HB 2482

Introduced by
Representatives Livingston, Gray, Mitchell, Senator Burges: Representatives Lovas, Petersen, Shope, Thorpe, Senators Dial, Farnsworth D, Yee

AN ACT

AMENDING SECTIONS 35-772 AND 35-773, ARIZONA REVISED STATUTES; RELATING TO STUDENT LOAN BOND PROGRAMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 35-772, Arizona Revised Statutes, is amended to read:

35-772. Student loan bonds

A. In addition to any powers granted under this chapter, a corporation is authorized to issue bonds in order to finance student loans made in a student loan program established pursuant to this article and to issue refunding bonds to refund bonds previously issued under this article as provided in this chapter.

B. A corporation, in furtherance of a student loan program, shall have the power to:

1. Determine the nature of student loan programs for eligible students or their parents for which the corporation will issue bonds.

2. Enter into contracts for any or all student loan program purposes.

3. Enter into contracts for the origination, administration or servicing of student loans.

4. Designate a particular qualified educational institution or institutions, or eligible lender or lenders, as its agent for accomplishing its purposes.

5. Make loans with proceeds of the sale of its bonds to any eligible student, any parent of an eligible student, any educational institution or any eligible lender in accordance with an agreement between the corporation and other parties. The agreements may provide that the proceeds of any loan made to an educational institution or eligible lender shall be used by the educational institution or eligible lender to purchase, originate or make loans only to or for the benefit of eligible students attending designated qualified educational institutions, or to the parents of those students.

6. Acquire, purchase and make commitments to purchase student loans with proceeds of the sale of its bonds from any educational institution or eligible lender in accordance with an agreement between the corporation and other parties. The agreement may provide that the student loans be made only to or for the benefit of eligible students attending designated educational institutions, or to the parents of those students.

7. Receive and accept from any public agency or any other source loans, grants, guarantees or insurance with respect to student loans and student loan programs.

8. Establish guidelines governing the actions of qualified educational institutions and eligible lenders participating in the corporation's student loan program.

9. Perform any acts incidental to and that it deems necessary to execute the powers listed in this article.

C. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, a corporation shall not issue bonds to finance student loans pursuant to this article unless the corporation has approved a plan for the student loan program to be financed by the bonds and has submitted the plan for review and approval by the state program representative pursuant to section 35-773. A corporation shall follow the plan as submitted and approved except for insubstantial deviations determined by the corporation's board of directors to be necessary for the successful issuance of the bonds and establishment and operation of the program. The plan submitted to the state program representative must establish at least the following:

1. The criteria for participation in the program by educational institutions, eligible lenders and eligible students.

2. The general terms of the student loans and the program.

3. Any other information reasonably requested by the state program representative.

D. A CORPORATION MAY ISSUE BONDS WITHOUT APPROVING A PLAN OR SUBMITTING A PLAN FOR REVIEW AND APPROVAL TO THE STATE PROGRAM REPRESENTATIVE IF THE ISSUANCE IS FOR EITHER:

1. REFUNDING BONDS, THE PROCEEDS OF WHICH ARE EXCLUSIVELY USED TO REFUND BONDS PREVIOUSLY ISSUED PURSUANT TO THIS ARTICLE.

2. ADDITIONAL BONDS ISSUED UNDER THE SAME GOVERNING DOCUMENTS AND SECURED ON THE SAME BASIS AS BONDS DESCRIBED IN A PLAN PREVIOUSLY APPROVED BY THE CORPORATION AND REVIEWED AND APPROVED BY THE STATE PROGRAM REPRESENTATIVE IF THE ADDITIONAL BONDS ARE RATED IN THE "A" CATEGORY OR BETTER, WITHOUT REGARD TO MODIFIERS WITHIN THE "A" CATEGORY, BY A NATIONALLY RECOGNIZED BOND RATING AGENCY.

E. A CORPORATION SHALL NOTIFY THE STATE PROGRAM REPRESENTATIVE IN WRITING AT LEAST SIXTY DAYS BEFORE ISSUING BONDS PURSUANT TO SUBSECTION D OF THIS SECTION. THE WRITTEN NOTIFICATION MUST SET FORTH THE BASIS UNDER SUBSECTION D OF THIS SECTION FOR THE ISSUANCE.

~~D.~~ F. A corporation that has approved a plan for issuing student loan bonds and a student loan program to be financed by the bonds under this article is a student loan corporation for the purposes of chapter 7 of this title.

Sec. 2. Section 35-773, Arizona Revised Statutes, is amended to read:

35-773. State program; representative; plan approval; bond rating

A. All industrial development authorities are authorized to exercise powers and issue revenue bonds to finance student loans in accordance with this chapter so that the state's student loan program is available for eligible students at educational institutions as a student loan program of general application in this state and approved by this state.

B. The state program representative shall approve or disapprove a plan submitted under section 35-772, with or without a hearing, not later than thirty days after receipt of the plan and shall promptly notify the corporation that submitted the plan of the approval or disapproval. If the state program representative does not notify the corporation that submitted the plan of the approval or disapproval within forty-five days after receiving the plan, the plan is deemed approved. Approval of a plan constitutes a finding by the state program representative that:

1. The origination or acquisition of student loans by the corporation or its agent or agents, a qualified educational institution or an eligible lender to eligible students or their parents will assist the students in attending an educational institution and financing the student's education.

2. Adequate provision has been or will be made for the payment of the principal of or interest on any bonds issued by the corporation to finance the loan program~~.~~ ~~3. Adequate provision has been made~~ AND for ~~the payment of~~ the reasonable expenses of the administration of the loan program.

~~4.~~ 3. The proposed procedures for application of the bond proceeds, the collection of payments, interest charges and any other matters concerning the administration of the loan program are in conformance with the ~~law~~ LAWS OF THIS STATE.

C. IF THE BONDS ARE RATED IN THE "A" CATEGORY OR BETTER, WITHOUT REGARD TO MODIFIERS WITHIN THE "A" CATEGORY, BY A NATIONALLY RECOGNIZED BOND RATING AGENCY, THAT RATING IS CONCLUSIVE PROOF THAT ADEQUATE PROVISION FOR PAYMENT HAS BEEN MADE PURSUANT TO SUBSECTION B, PARAGRAPH 2 OF THIS SECTION.