

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

HOUSE BILL 2482

AN ACT

AMENDING SECTIONS 35-771, 35-772 AND 35-773, ARIZONA REVISED STATUTES;
RELATING TO STUDENT LOAN BOND PROGRAMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-771, Arizona Revised Statutes, is amended to
3 read:

4 35-771. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Educational institution" means a university under the jurisdiction
7 of the Arizona board of regents, a community college in this state, an
8 accredited private postsecondary institution eligible under title IV of the
9 higher education act of 1965 licensed by this state and any other accredited
10 institution eligible under title IV of the higher education act of 1965
11 offering postsecondary education or courses, whether located within or
12 outside of the boundaries of this state, that awards any eligible degree.

13 2. "Eligible degree" means any postsecondary degree or program.

14 3. "Eligible lender" means an entity affiliated or contracting with a
15 corporation or a qualified educational institution that may make student
16 loans to eligible students or to the parents of eligible students or a
17 nonprofit entity that is exempt from taxation under section 501(c)(3) of the
18 internal revenue code and that makes student loans.

19 4. "Eligible student" means any student attending any qualified
20 educational institution and any resident of this state attending any
21 educational institution.

22 5. "Parent" means a student's mother, father, adoptive parent,
23 grandparent or guardian or any person with the duty and authority to make
24 important decisions in matters having a permanent effect on the life and
25 development of a student and to be concerned about the student's general
26 welfare.

27 6. "Qualified educational institution" means an educational
28 institution, as defined in paragraph 1 of this section, with a campus and
29 facilities located in this state that offers one or more eligible degrees.

30 7. "State program representative" means the ~~governor~~ STATE TREASURER
31 or the ~~governor's~~ STATE TREASURER'S designee.

32 8. "Student loan" means a loan to or for the benefit of an eligible
33 student for the purpose of financing all or a part of the eligible student's
34 cost of attending an educational institution in pursuit of an eligible degree
35 or refinancing any such loan previously made.

36 Sec. 2. Section 35-772, Arizona Revised Statutes, is amended to read:

37 35-772. Student loan bonds

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

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

- 1 1. Determine the nature of student loan programs for eligible students
2 or their parents for which the corporation will issue bonds.
- 3 2. Enter into contracts for any or all student loan program purposes.
- 4 3. Enter into contracts for the origination, administration or
5 servicing of student loans.
- 6 4. Designate a particular qualified educational institution or
7 institutions, or eligible lender or lenders, as its agent for accomplishing
8 its purposes.
- 9 5. Make loans with proceeds of the sale of its bonds to any eligible
10 student, any parent of an eligible student, any educational institution or
11 any eligible lender in accordance with an agreement between the corporation
12 and other parties. The agreements may provide that the proceeds of any loan
13 made to an educational institution or eligible lender shall be used by the
14 educational institution or eligible lender to purchase, originate or make
15 loans only to or for the benefit of eligible students attending designated
16 qualified educational institutions, or to the parents of those students.
- 17 6. Acquire, purchase and make commitments to purchase student loans
18 with proceeds of the sale of its bonds from any educational institution or
19 eligible lender in accordance with an agreement between the corporation and
20 other parties. The agreement may provide that the student loans be made only
21 to or for the benefit of eligible students attending designated educational
22 institutions, or to the parents of those students.
- 23 7. Receive and accept from any public agency or any other source
24 loans, grants, guarantees or insurance with respect to student loans and
25 student loan programs.
- 26 8. Establish guidelines governing the actions of qualified educational
27 institutions and eligible lenders participating in the corporation's student
28 loan program.
- 29 9. Perform any acts incidental to and that it deems necessary to
30 execute the powers listed in this article.
- 31 C. **EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION**, a corporation
32 shall not issue bonds to finance student loans pursuant to this article
33 unless the corporation has approved a plan for the student loan program to be
34 financed by the bonds and has submitted the plan for review and approval by
35 the state program representative pursuant to section 35-773. A corporation
36 shall follow the plan as submitted and approved except for insubstantial
37 deviations determined by the corporation's board of directors to be necessary
38 for the successful issuance of the bonds and establishment and operation of
39 the program. The plan submitted to the state program representative must
40 establish at least the following:
 - 41 1. The criteria for participation in the program by educational
42 institutions, eligible lenders and eligible students.
 - 43 2. The general terms of the student loans and the program.
 - 44 3. Any other information reasonably requested by the state program
45 representative.

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

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

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

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

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

20 Sec. 3. Section 35-773, Arizona Revised Statutes, is amended to read:

21 35-773. State program; representative; plan approval; bond
22 rating

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

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

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

40 2. Adequate provision has been or will be made for the payment of the
41 principal of or interest on any bonds issued by the corporation to finance
42 the loan program.—

43 ~~3. Adequate provision has been made~~ AND for ~~the payment of~~ the
44 reasonable expenses of the administration of the loan program.

1 ~~4.~~ 3. The proposed procedures for application of the bond proceeds,
2 the collection of payments, interest charges and any other matters concerning
3 the administration of the loan program are in conformance with the ~~law~~ LAWS
4 OF THIS STATE.

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