§ 1679. Supplemental higher education loan financing program. 1. The purpose of the supplemental loan financing program is to make available to students attending public and independent sector institutions of higher education financial assistance beyond the grants and loans available from state, federal and private sources where such students demonstrate remaining financial need.

2. In furtherance of its powers under this title with respect to the supplemental higher education loan financing program, the authority is authorized:

(a) to receive and accept from any source loans, contributions or grants for or in aid of a supplemental higher education loan financing program or any portion thereof and, when desirable, to use such funds, property or labor only for the purposes for which it was loaned, contributed or granted;

(b) to make education loans to participating institutions for higher education, and require that the proceeds of such education loans be used for making student loans, funding reserves, providing for capitalized interest and paying other costs and fees involved in making student loans or issuing bonds;

(c) to issue bonds not in excess of two hundred million dollars for the purpose of making direct loans, education loans for the express purpose of providing student loans, and the purchasing, acquiring or taking by assignment or otherwise of student loans, provided, however, that each such sale of bonds shall be subject to the approval of the public authorities control board;

(d) to purchase student loans from participating institutions for higher education under terms and conditions which require that such loans were originated after the effective date of this section in contemplation of participation by such institutions for higher education in a supplemental higher education loan financing program of the authority authorized by this section and in anticipation of the purchase of such loans by the authority, provided, however, that, prior to the sale of bonds any portion of the proceeds of which shall be used for the purchase, acquisition or taking by assignment or otherwise of student loans, the authority shall by resolution adopt specific guidelines setting forth the terms and conditions upon which such purchases,

acquisitions and taking by assignment or otherwise shall be made. No such resolution shall be adopted until at least forty-five days after the delivery of a copy of such proposed guidelines to the governor, the temporary president of the senate and the speaker of the assembly for comment.

3. The authority shall adopt guidelines, subject to review by the advisory committee, created pursuant to subdivision ten of this section, and consistent with federal law and regulations to the extent applicable which shall include but not be limited to: (a) eligibility criteria for making education loans and direct loans; (b) limitations upon the principal amounts and the terms of education loans and direct loans; (c) qualifications and characteristics of borrowers; and (d) procedures for allocating education loans among independent institutions and for allocating direct loans among students and parents of students attending public institutions. Such guidelines shall also include such eligibility standards for borrowers as the authority shall determine are necessary or desirable in order to effectuate the purposes of this section including the following: (a) each student shall have a certificate of enrollment or acceptance for enrollment at a specific participating institution for higher education; (b) each student or his or her parents shall satisfy such financial qualifications as the authority shall establish to effectuate the purposes of this section; and (c) each student and his or her parents shall submit such information as may be required by the authority to his or her institution for higher education. Such guidelines shall also establish specific criteria governing the making of direct loans, education loans and student loans, provisions for default, the establishment of default reserve funds, the purchase of default insurance, the provision of debt service reserve funds, and the furnishing by participating independent institutions for higher education of such additional guarantees of, and security with respect to, education loans, student loans or the bonds as the authority shall determine, all of such criteria to be established to assure the marketability of the bonds and the adequacy of the security for the bonds.

4. The authority shall contract with financial institutions, the New

York state higher education services corporation established by the provisions of section six hundred fifty-two of the education law or other qualified loan origination and servicing organizations, which may assist in pre-qualifying borrowers for student loans and direct loans and which may service and administer each student loan and direct loan and each institution's respective loan series portfolio. The fees or interest costs of each student loan or direct loan shall include a portion, if necessary, to cover the applicable pro rata cost of such a servicing organization.

5. The maximum amount of a student loan or direct loan shall not exceed:

(a) in the case of a borrower who is a student, the student's cost of attendance for the period of time for which the loan is made, minus the following amounts applicable to such period of time:

(1) the amount of grant which the student receives, or would receive had the student made application, under the federal Pell Grant program authorized under title IV, part A, of the "Higher Education Act of 1965", as now or hereafter amended;

(2) the maximum net loan proceeds which the student receives, or would receive had the student made application, under the guaranteed student loan program as defined under (i) title IV, part B, of the "Higher Education Act of 1965", as now or hereafter amended, and (ii) the regulations implementing such program promulgated at 34 Code of Federal Regulations, part 682, as now or hereafter amended;

(3) the maximum net loan proceeds which the student's parents receive, or would receive had the student's parents made application, under the parent loan to undergraduate students program as defined under (i) title IV, part B, of the "Higher Education Act of 1965", as now or hereafter amended, and (ii) the regulations implementing such program promulgated at 34 Code of Federal Regulations, part 683, as now or hereafter amended;

(4) the maximum net loan proceeds which the student receives, or would receive had the student made application, under the auxiliary loan to assist students program as defined under title IV, part B, of the "Higher Education Act of 1965", as now or hereafter amended;

(5) the maximum net loan proceeds which the student receives, or would

receive had the student made application, under the health education assistance loan program as defined under (i) title IV, part C, of the "Health Professions Educational Assistance Act of 1976", as now or hereafter amended, and (ii) the regulations implementing such program promulgated at 42 Code of Federal Regulations, part 60-C, as now or hereafter amended;

(6) the amount of scholarships, grants or other nonrepayable assistance received from government agencies, educational institutions or private institutions or organizations;

(7) except in the case of a student who is eligible for a loan under the auxiliary loan to assist students program as defined under Title IV, part B, of the "Higher Education Act of 1965", as now or hereafter amended, the expected family contribution computed pursuant to section 428 of the "Higher Education Act of 1965", as now or hereafter amended with respect to families in which the total adjusted gross income of all members of the family exceeds thirty thousand dollars; and

(b) (1) in the case of a borrower who is a parent of an eligible student, the student's cost of attendance minus (i) the amounts determined pursuant to subparagraphs one, two and six of paragraph (a) of this subdivision; and (ii) the amount of loan which the student receives pursuant to paragraph (a) of this subdivision;

(2) the combined maximum loan amount of both parents shall not exceed the maximum amount as determined under this paragraph.

6. Notwithstanding any other provisions contained in this title, but pursuant to guidelines, the authority may commingle and pledge as security for a series or issue of bonds, with the consent of all of the institutions for higher education which are participating in such series or issue, the student loan series portfolios and some or all future student loan series portfolios of such institutions for higher education provided that student loan series portfolios and other security and moneys set aside in any fund or funds pledged for any series of bonds or issue of bonds shall be held for the sole benefit of such series or issue separate and apart from student loan series portfolios and other security and moneys pledged for any other series or issue of bonds of the authority. Bonds may be issued in series under one or more resolutions in the discretion of the authority.

7. The authority shall require that education loans be used solely to make student loans and that direct loans be used solely for the purpose of financing the cost of attendance at public institutions for higher education. The authority shall require that independent institutions for higher education shall require that each borrower under a student loan shall use the proceeds solely for such cost of attendance and that each such borrower shall so certify.

8. Any student otherwise eligible for a student loan or for a direct loan shall not be disqualified by reason of his or her being under the age of eighteen years and, for the purposes of applying for, receiving and repaying such a loan, any such student shall be deemed to have full legal capacity to act; provided, however, that the signatures of both parents of an unemancipated applicant shall be required for the purpose of receiving such a loan unless the authority determines in accordance with guidelines established by the board of the authority that unusual family circumstances preclude the availability of such signatures.

9. The authority may charge to and apportion among participating institutions of higher education and students or their parents or both its administrative and operating costs and expenses incurred in the exercise of the powers and duties conferred by this section.

10. There is hereby created an advisory committee on the supplemental higher education loan financing program to the dormitory authority which shall consist of the chairman of the authority, who shall serve as the chairman of such committee, the commissioner of education, the chancellor of the state university of New York, the chancellor of the city university of New York, the president of the higher education services corporation, the chairman of the board of trustees of the commission on independent colleges and universities, the president of the New York state financial aid administrators association and an undergraduate student appointed by the governor who is in attendance at a public or independent institution of higher education located in this state. Such committee shall participate in the development of and review the program guidelines to be established by the authority as required by

this section and may make recommendations on, comment upon and advise the members of the board of the authority with respect to such guidelines. Each of the members of such committee may designate in writing to the chairman of the committee a representative to serve on such committee in the place of such member. The members of the committee shall receive no compensation for their services, but shall be entitled to reimbursement by the dormitory authority for their actual and necessary expenses incurred in the performance of their duties.

11. The authority shall report annually to the governor and the legislature on or before February first concerning its findings, conclusions and recommendations with respect to the operation of the program provided for in this section.