§ 1679-a. Health education assistance loan financing program. 1. The purpose of the health education assistance loan financing program, hereafter referred to as the HEAL loan financing program, is to make available to students attending public and independent institutions for higher education financial assistance beyond the grants and loans available from state, federal and private sources, other than supplemental higher education loans pursuant to section sixteen hundred seventy-nine of this chapter, where such students demonstrate remaining financial need. Such program is created to encourage the participation of HEAL eligible institutions in conjunction with, but not in substitution for, the participation of financial or credit institutions in increasing the availability of HEAL loans to all eligible students. The authority and institutions for higher education participating in such program shall to the extent practicable ensure that borrowers of such loans include individuals who are underrepresented or unrepresented in the health professions.

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

(a) to receive and accept from any source loans, contributions or grants for or in aid of the HEAL 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 HEAL direct loans to students attending, and HEAL education loans to participating independent institutions for higher education, and require that the proceeds of HEAL education loans be used for making HEAL student loans, funding reserves, providing for capitalized interest and paying other costs and fees involved in making HEAL student loans or issuing bonds; and

(c) to purchase HEAL student loans solely from participating independent 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 the HEAL 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 HEAL 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.

(d) to sell HEAL direct loans, HEAL education loans and HEAL student loans purchased, acquired or taken by assignment or otherwise by the authority to the extent necessary to assure the marketability of and adequacy of the security for the bonds of the authority.

3. The authority shall adopt guidelines, subject to review by the advisory committee, created pursuant to subdivision ten of section sixteen hundred seventy-nine of this chapter, and consistent with federal law and regulations to the extent applicable, which shall include but not be limited to: (a) eligibility criteria for making HEAL education loans and HEAL direct loans; (b) limitations upon the principal amounts and the terms of HEAL education loans and HEAL direct loans; (c) qualifications and characteristics of borrowers; and (d) procedures for allocating HEAL education loans among independent institutions and for allocating direct loans among 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 shall satisfy such financial qualifications as the authority shall establish to effectuate the purposes of this section; and (c) each student 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 HEAL direct loans, HEAL education loans and HEAL 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 the participating independent institutions for higher education of such additional guarantees of, and security with respect to, HEAL education loans, HEAL 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 to finance fully federally insured HEAL direct loans, HEAL education loans, and HEAL student loans.

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 HEAL student loans and HEAL direct loans and which may service and administer each HEAL student loan and HEAL direct loan and each institution's respective HEAL loan series portfolio.

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

(a) the maximum net loan proceeds which the student receives, or will receive, 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;

(b) the maximum net loan proceeds which the student's parents receive, or will receive, 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;

(c) the maximum net loan proceeds which the student receives, or will receive, under the auxiliary loan to assist 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;

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

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 HEAL student loan series portfolios and some or all future HEAL student loan series portfolios of such institutions for higher education provided that HEAL 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 HEAL student loan series portfolios and other security and moneys pledged for any other series or issue of bonds of the authority, and provided further that in no event shall HEAL student loan series portfolios be commingled with student loan series portfolios comprised of student loans made pursuant to the supplemental higher education loan financing program authorized by section sixteen hundred seventy-nine of this act or with any other loan portfolio. Bonds may be issued in series under one or more resolutions in the discretion of the authority.

7. The authority shall require that HEAL education loans be used solely to make HEAL student loans and that HEAL 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 HEAL 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 HEAL student loan or for a HEAL 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 one parent 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 signature.

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

10. Bonds issued by the authority for the HEAL loan financing program shall be within the two hundred million dollar limitation set forth in paragraph (c) of subdivision two of section sixteen hundred seventy-nine of this chapter and each such issuance shall be subject to the approval of the public authorities control board.

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 programs provided for in this section.