

VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

CHAPTER 188

An Act to amend and reenact § 23-38.34:1 of the Code of Virginia, relating to the State Education Assistance Authority.

[H 355]

Approved March 11, 1996

Be it enacted by the General Assembly of Virginia:

1. That § 23-38.34:1 of the Code of Virginia is amended and reenacted as follows:

§ 23-38.34:1. State Education Assistance Authority trust funds; investment; limitations on contingent interests; terms of acquisition.

A. The State Education Assistance Authority is authorized to establish and maintain a trust fund or funds, to which it shall deposit guaranty insurance premiums, federal reinsurance payments, student loan payments and all other revenues and funds it receives, and from which it shall pay the guaranty obligations it incurs and its operating expenses. *Assets necessary or required to support non-federal, state-sponsored programs shall be segregated from those required for federal loan programs and shall be held in reserve to guarantee such loans. The assets of such State Education Assistance Authority trust funds shall be reserved, invested, and expended solely by the State Education Assistance Authority pursuant to and for the purposes of this chapter and shall not be loaned or otherwise transferred or used by the Commonwealth for any other purpose. If the State Education Assistance Authority ceases to guarantee state-sponsored programs, the reserves set aside for those programs will revert to the Commonwealth to be held and administered for purposes consistent with administration of such state-sponsored programs.* The State Education Assistance Authority shall be the trustee of all such trust funds.

B. The State Education Assistance Authority is hereby authorized and empowered to invest and reinvest all such trust funds except that no investments shall be made in securities which, at the time of making such investments, are by statute prohibited for the investment of reserves of domestic life insurance companies, except in the exercise of bona fide discretion. Subject to such limitations, the State Education Assistance Authority shall have full power to purchase, hold, sell, assign, transfer and dispose of all funds, assets and investments comprising such trust funds.

C. The State Education Assistance Authority may acquire from lenders contingent interests in student loan obligations and may fix, revise and charge guaranty insurance premiums for acquiring such contingent interests, except that the State Education Assistance Authority shall not acquire additional contingent interests in student loan obligations to the extent such additional contingent interests would then cause the current unpaid balance of all contingent interests then held by the State Education Assistance Authority to exceed one hundred times the amount of all cash, cash equivalents, investments, and federal reinsurance receivables which would then be available to the State Education Assistance Authority to purchase the underlying student loan obligations in the event of default.

D. The State Education Assistance Authority shall prescribe the terms and conditions upon which it will acquire contingent interests in student loans. Such terms and conditions may include, without limitation: (i) any requirements of notice and transfer of such student loans to the State Education Assistance Authority in the event such student loans become delinquent; (ii) the interest rate or rates payable on such student loans; (iii) the terms and places of payment of principal and interest; (iv) the maturities of such student loans; (v) the terms of any life insurance which may be required in connection with such student loans; (vi) the safekeeping of all assets pledged to the payment of such student loans; and (vii) all other matters respecting such contingent interests and student loans as will protect the assets of the State Education Assistance Authority.