

March 31, 1967
Passed on File
On calendar 4-5

Senate File 700
By COMMITTEE ON EDUCATION

Substituted for H.F. 689, 5-26

Passed Senate, Date 5-23-67 Passed House, Date 5-26-67

Vote: Ayes 48 Nays 0 Vote: Ayes 98 Nays 0

Passed as Approved

*amended by the
House 6-8-67*

45-0

A BILL FOR

*motion to reconsider
filed 6-1
provided 6-5
passed House 6-5
100-0*

June 16, 1967

An Act authorizing the higher education facilities commission to establish a reserve fund to guarantee student loans.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Chapter two hundred sixty-one (261), Code 1966,
2 is hereby amended by adding thereto the following new sections:

3 1. "The commission may establish a student loan reserve
4 fund and receive moneys from federal, state, or private sources
5 to guarantee payment of loans made by eligible lending insti-
6 tutions to student residents of the state of Iowa who are
7 enrolled or accepted for enrollment at any eligible institu-
8 tion under the provisions of the 'Higher Education Act of
9 1965' (PL 89-329), [79 Stat. L. 1219; 20 U.S.C. 1001], the
10 'National Vocational Student Loan Insurance Act of 1965'
11 (PL 89-287), [79 Stat. L. 1037; 20 U.S.C. 981] or any amend-
12 ments thereto, and any subsequent federal legislation for
13 student loan purposes as may be enacted."

14 2. "The commission may:

15 "1. Contract, sue and be sued, and promulgate rules and
16 regulations necessary to carry out the provisions of this Act,
17 but the commission shall not in any manner directly or in-
18 directly pledge the credit of the state of Iowa.

19 "2. Appoint such executive and other assistants and employees
20 deemed necessary and fix their compensation within the limits of
21 available appropriations and funds designated for administration
22 of this Act.

23 "3. Authorize payment from the student loan reserve fund

24 and from any income received by investments of moneys in the
25 fund for disbursement, costs, commissions, attorney fees,
26 and other reasonable expenses related to and necessary for
27 making and protecting guaranteed loans and the recovery of
28 moneys, loans, or management of property acquired in connec-
29 tion with such loans."

30 3. "Any contract, promissory note, or other written obliga-
31 tion made by any minor to repay or secure payment of a loan
32 made under this Act, payment of which is guaranteed by the
33 commission, or which forms part of the same transaction as
34 the making of such loan shall notwithstanding any provision
35 of law to the contrary be as valid and binding as if the person
36 were twenty-one (21) years of age or older at the time the
37 obligation was made and executed. Obligations may be enforced
38 in any action or proceeding by or against such person in the
39 person's own name and shall be valid without the consent thereto
40 of the parent or guardian of such person. Such person shall
41 not in any action or proceeding arising out of any such loan
42 disaffirm such instrument because of his age nor shall any
43 person interpose the defense that he is, or was, a minor
44 at the time of making and executing the instrument."

45 4. "The assets of the student loan reserve fund shall only
46 be used to guarantee loans to student residents of the state
47 of Iowa, purchase promissory notes evidencing such loans as
48 may be in default, refund overpayment of fees on such loans
49 when appropriate, and repay such advances made by the United
50 States commissioner of education except that fees, interest,
51 and other earnings of the fund may also be used for expendi-
52 tures attributable to the necessary, proper, and efficient
53 administration of such loans."