It is enacted by the General Assembly as follows:

SECTION 1. Sections 16-62-6, 16-62-9 and 16-62-13 of the General Laws in Chapter 16-62 entitled "The Rhode Island Student Loan Authority" are hereby amended to read as follows:

16-62-6. Additional general powers. -- In addition to the powers enumerated in § 16-62-5, the authority shall have the power:

(1) To lend money to students and to parents of students and to refinance or consolidate eligible loans and education loans previously made to a student or parent by the authority or other lending sources for the purpose of assisting the student in obtaining an education in an eligible institution, including refinancing or consolidating obligations previously incurred by a student or a parent with other lending sources for this purpose and participating in loans to students or parents for this purpose with other lending sources.

(2) To make, acquire, take, or purchase eligible loans and education loans with the proceeds of bonds or notes or any other funds of the authority available for it or any interest or participation in it, in any amount, at any price or prices, and upon any terms and conditions as the authority will determine.

(3) To sell eligible loans held by the authority to governmental or private financial institutions, or to borrow from those financial institutions against the security of these eligible loans in any amounts, at any price or prices, and upon any terms and conditions as the authority shall determine.

(4) To procure insurance of every nature or to enter into agreements with eligible
institutions to protect the authority against losses which may be incurred in connection with its
property, assets, activities, or the exercise of the powers granted under this chapter.

(5) Subject to a contract with the holders of its bonds or notes, or a contract with the
recipient of an eligible loan, when the authority deems it necessary or desirable, to consent to the
modification, with respect to security, rate of interest, time of payment of interest or principal, or
any other term of a bond or note, contract, or agreement between the authority and the recipient
or maker of a loan, bond, or note holder, or agency or institution guaranteeing the repayment,
purchasing, or selling of an eligible loan.

(6) To engage the services of consultants on a contract basis for rendering professional
and technical assistance and advice, and to employ attorneys, accountants, financial experts, and
any other advisors, consultants, and agents that may be necessary in its judgment, and to fix their
compensation.

(7) To contract for and to accept any gifts, grants, loans, funds, property (real or
personal), or financial or other assistance in any form from the United States or any agency or
instrumentality of it or from the state or any agency or instrumentality of it or from any other
source, and to comply, subject to the provisions of this chapter, with the terms and conditions of
it.

(8) To borrow money and to issue bonds and notes and to provide for the rights of the
holders of these, and to secure the bonds and notes by assignment, pledge, or granting of a
security interest in its property, including without limitation all or a part of its interest in eligible
loans, education loans, or agreements with eligible institutions with regard to these for the
purpose of providing funds to effectuate its purposes under this chapter including the financing of
eligible loans or education loans or for the purpose of refunding any bonds previously issued.

(9) To prescribe rules and regulations deemed necessary or desirable to carry out the
purposes of this chapter, including without limitation rules and regulations: (i) to ensure
compliance by the authority with the requirements imposed by statutes or regulations governing
the guaranty, insurance, purchase, or other dealing in eligible loans by federal agencies,
instrumentalities, or corporations, and (ii) to set standards of eligibility for educational
institutions, students, and lenders and to define residency and all other terms as the authority
deems necessary to carry out the purposes of this chapter.

(10) To establish penalties for violations of any order, rule, or regulation of the authority,
and a method for enforcing the orders, rules, and regulations.

(11) To set and collect fees and charges in connection with its eligible loans,
commitments, and servicing, including without limitation reimbursement of the costs of financing
by the authority, service charges, insurance premiums, and costs incurred by the authority in
carrying out its corporate purposes.

(12) To create and establish any other fund or funds that may be necessary or desirable
for its corporate purposes.

16-62-9. Bonds and notes of the authority. — (a) The authority shall have the power and
is authorized to issue its negotiable bonds and notes in one or more series in any principal
amounts as in the opinion of the authority shall be necessary to provide sufficient funds for
achieving its purposes, including the payment of interest on bonds and notes of the authority, the
establishment of reserves to secure these bonds and notes, and the making of all other
expenditures of the authority incident to and necessary or convenient to carrying out its corporate
purposes and powers.

(b) All bonds and notes issued by the authority may be secured by the full faith and
credit of the authority, or may be payable solely out of revenues and receipts derived from the
pledge or assignment of, grant of security interest in, or sale of eligible loans or education loans
owned by it or any part of it, or out of receipts upon repayment of any eligible loans or education
loans or any part of these made to students or to parents, legal guardians, or sponsors of students,
or to institutions or lenders, or upon the undisbursed proceeds of the bonds or notes, or upon
guaranty payments of principal and interest on eligible loans, or upon interest subsidy payments,
or upon investment earnings of any of these revenues, receipts, proceeds or payments, or upon
any other form of security available to the authority for this purpose, all as may be designated in
the proceedings of the authority under which the bonds or notes shall be authorized to be issued.
The bonds and notes may be executed and delivered

(c) Bonds may be payable in any installments, and at any times not exceeding forty (40)
years from their date, as shall be determined by the authority.

(d) Notes and any renewals of notes may be payable in any installments and at any times
not exceeding ten (10) years from the date of the original issue of the notes, as shall be
determined by the authority.

(e) Bonds and notes may be payable at any places, whether within or without the state,
may bear interest at any rate or rates payable at any time or times and at any place or places and
evidenced in any manner, and may contain any provisions not inconsistent with this section, all as
shall be provided in the proceedings of the authority under which they shall be authorized to be
(f) There may be retained by provisions made in the proceedings under which any bonds or notes of the authority are authorized to be issued an option to redeem all or any part of these, at any prices and upon any notice, and on any further terms and conditions as shall be set forth on the record of those proceedings and on the face of the bonds or notes.

(g) Any bonds or notes of the authority may be sold at any prices, at public or private sale, and in any manner as shall be determined by the authority, and the authority shall pay all expenses, premiums, and commissions as it shall deem necessary or advantageous in connection with the issuance and sale of these.

(h) Money of the authority, including without limitation revenues, receipts, proceeds, payments, or earnings listed in subsection (b), may be invested and reinvested in any obligations, securities, and other investments consistent with the purposes of this chapter including, but not limited to, bonds and notes of the authority as shall be specified in the resolutions under which the bonds or notes are authorized. In no case shall such investment in bonds or notes of the authority constitute an extinguishment of the obligations represented by such bonds and notes.

(i) Issuance by the authority of one or more series of bonds or notes for one or more purposes shall not preclude it from issuing other bonds or notes for the same purpose or purposes, but the proceedings where any subsequent bonds or notes may be issued shall recognize and protect a prior pledge or mortgage made for a prior issue of bonds or notes unless in the proceedings authorizing the prior issue the right is reserved to issue subsequent bonds or notes on a parity with that prior issue.

(j) The authority is authorized to issue bonds or notes for the purpose of refunding its bonds or notes outstanding, including the payment of any redemption premium on them and any interest accrued or to accrue to the earliest or subsequent date of redemption, purchase, or maturity of the bonds or notes. The proceeds of bonds or notes issued for the purpose of refunding outstanding bonds or notes may be applied, in the discretion of the authority, to the purchase, retirement at maturity, or redemption of the outstanding bonds or notes either on their earliest or a subsequent redemption date, and may, pending that application, be placed in escrow. These escrowed proceeds may be invested and reinvested in obligations of or guaranteed by the United States, or in certificates of deposit or time deposits or repurchase agreements, fully secured or guaranteed by the state or the United States, or an instrumentality of either, maturing at any time or times as shall be appropriate to assure the prompt payment, as to principal, interest, and redemption premium, if any, of the outstanding bonds or notes to be refunded. The interest, income, and profits, if any, earned or realized on this investment may also be applied to the
payment of the outstanding bonds or notes to be refunded. After the terms of the escrow haveeen fully satisfied and carried out, any balance of the proceeds and interest, income, and profits,
if any, earned or realized on the investments of these may be returned to the authority for use by it
in furtherance of its purposes. All these bonds or notes shall be issued and secured and shall be
subject to the provisions of this chapter in the manner and to the same extent as any other bonds
or notes issued pursuant to this chapter.

    (k) The directors, officers of the authority, and other persons executing the bonds shall
not be subject to personal liability or accountability by reason of the issuance of these.

    (l) Bonds or notes may be issued under the provisions of this chapter without obtaining
the consent of any department, division, commission, board, body, bureau, or agency of the state,
and without any other proceedings, conditions, or things other than those proceedings, conditions,
or things which are specifically required by this chapter and by the provisions of the resolution
authorizing the issuance of those bonds or notes or the trust agreement securing this.

    (m) The authority, subject to any agreements with noteholders or bondholders as may
then be in force, shall have power out of any funds available for this to purchase bonds or notes of
the authority, which shall then be cancelled, at a price not exceeding:

        (1) If the bonds or notes are then redeemable, the redemption price then applicable plus
        accrued interest to the next interest payment date, or

        (2) If the bonds or notes are not then redeemable, the redemption price applicable on the
        earliest date that the bonds or notes become subject to redemption, plus the interest that would
        have accrued to that date.

    (n) Whether or not the bonds and notes are of the form and character as to be negotiable
instruments under the terms of the Rhode Island Uniform Commercial Code, title 6A, the bonds
and notes are made negotiable instruments within the meaning of and for all of the purposes of
the Rhode Island Uniform Commercial Code, subject only to the provisions of the bonds and
notes for registration.

    (o) If a director or officer of the authority whose signature appears on the bonds, notes,
or coupons shall cease to be a director or officer before the delivery of those bonds or notes, that
signature shall be valid and sufficient for all purposes, as if the director or officer had remained in
office until the delivery.

    (p) The authority shall also have the power out of any funds available to purchase bonds
and notes of the authority if the authority determines that such purchases will stabilize or make
the market for the authority's bonds more efficient. Such purchases shall not result in the
extinguishment of the debt of the authority represented by such bonds or notes. At the discretion
of the authority, such bonds and notes may be held until the purpose of the purchase has been

effected and then sold to the market or used as a credit against future redemptions or maturities.

16-62-13. Notes and bonds as legal investments. -- The notes and bonds of the authority

are made securities in which all public officers and bodies of this state and all municipalities and

municipal subdivisions, including, but not limited to, the authority, all companies and

associations and other persons carrying on an insurance business, all banks, bankers, trust

companies, savings banks and savings associations, including savings and loan associations,

building and loan associations, investment companies, and other persons carrying on a banking

business, all administrators, guardians, executors, trustees, and other fiduciaries, and all other

persons who are now or may after this be authorized to invest in bonds or other obligations of the

state, may properly and legally invest funds, including capital, in their control or belonging to

them.

SECTION 2. This act shall take effect upon passage.
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N   A C T
RELATING TO EDUCATION - STUDENT LOAN AUTHORITY

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1 This act would specifically empower the Rhode Island Student Loan Authority to
2 refinance and consolidate existing eligible loans. It would also authorize the Authority to
3 purchase and invest in its own bonds and notes.
4 This act would take effect upon passage.