

MICHIGAN EDUCATION TRUST ACT (EXCERPT)
Act 316 of 1986

390.1426 Advance tuition payment contract generally.

Sec. 6.

(1) The trust, on behalf of itself and the state, may contract with a purchaser for the advance payment of tuition by the purchaser for a qualified beneficiary to attend any of the state institutions of higher education to which the qualified beneficiary is admitted, without further tuition cost to the qualified beneficiary. In addition, an advance tuition payment contract shall set forth in a clear, understandable manner all of the following:

- (a) The amount of the payment or payments required from the purchaser on behalf of the qualified beneficiary.
- (b) The terms and conditions for making the payment, including, but not limited to, the date or dates upon which the payment, or portions of the payment, is due.
- (c) Provisions for late payment charges and for default.
- (d) The name and age of the qualified beneficiary under the contract, unless the contract is purchased by a state or local government agency or instrumentality or a person exempt from taxation as an organization described in section 501(c)(3) of the internal revenue code of 1986, 26 USC 501, as part of a scholarship program. The purchaser, with the approval of and on conditions determined by the trust, may subsequently substitute another person for the qualified beneficiary originally named.
- (e) The number of credit hours covered by the contract.
- (f) The name of the person entitled to terminate the contract. The contract may provide for termination by the purchaser, the qualified beneficiary, a person appointed to act on behalf of the purchaser or qualified beneficiary, or any combination of these persons.
- (g) The terms and conditions under which the contract may be terminated and the amount of the refund, if any, to which the person terminating the contract, or specifically the purchaser or designated qualified beneficiary if the contract so provides, is entitled upon termination.
- (h) The assumption of a contractual obligation by the trust to the qualified beneficiary on its own behalf and on behalf of the state to provide for credit hours of higher education, not to exceed the credit hours required for the granting of a baccalaureate degree, at any state institution of higher education to which the qualified beneficiary is admitted. The advance tuition payment contract shall provide for the credit hours of higher education that a qualified beneficiary may receive under the contract if the qualified beneficiary is not entitled to in-state tuition rates.
- (i) The period of time from the beginning to the end of which the qualified beneficiary may receive the benefits under the contract.
- (j) All other rights and obligations of the purchaser and the trust.
- (k) Other terms, conditions, and provisions as the trust considers in its sole discretion to be necessary or appropriate.

(2) The trust shall not enter into any advance tuition payment contract unless the state administrative board has approved of the form of that contract.

(3) The trust shall make any arrangements that are necessary or appropriate with state institutions of higher education in order to fulfill its obligations under advance tuition payment contracts. The arrangements may include, but need not be limited to, the payment by the trust of the then actual in-state tuition cost on behalf of a qualified beneficiary to the state institution of higher education.

(4) An advance tuition payment contract shall provide that the trust provide for the qualified beneficiary to attend a community or junior college in this state before entering a state institution of higher education if the beneficiary so chooses and that the contract may be terminated pursuant to section 8 after completing the requirements for a degree at the community or junior college in this state or before entering the state institution of higher education.

(5) An advance tuition payment contract may provide that, if after a number of years specified in the contract the contract has not been terminated or the qualified beneficiary's rights under the contract have not been exercised, the trust, after making a reasonable effort to locate the purchaser and qualified beneficiary or the agent of either, shall retain the amounts otherwise payable and the rights of the qualified beneficiary, the purchaser, or the agent of either shall be considered terminated.

(6) A writing or information provided to the trust for purposes of this section by a purchaser, qualified beneficiary, or person appointed under subsection (1)(f) is exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this subsection, "writing" means that term as defined in section 2 of the freedom of information act, 1976 PA 442, MCL 15.232.

History: 1986, Act 316, Imd. Eff. Dec. 23, 1986 ;-- Am. 2004, Act 388, Imd. Eff. Oct. 12, 2004

