

BANCO GUBERNAMENTAL DE FOMENTO para Puerto Rico

GOVERNMENT DEVELOPMENT BANK for Puerto Rico

ASOCIACION PARA PRESTAMOS A ESTUDIANTES SUBSIDIARIA-

3848

Núm. 3848
Fecha 7 de febrero de 1989 5:30 p.m.
Aprobado: Silvia M. Calderón
Secretario de Estado
Por: G. A. Figueroa
Secretaria Auxiliar de Estado

RESOLUTION NUMBER 4612

A RESOLUTION CREATING A SUBSIDIARY CORPORATION OF GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO PURSUANT TO ACT NO. 17 OF THE LEGISLATURE OF PUERTO RICO, APPROVED SEPTEMBER 23, 1948, AS AMENDED, DESIGNATED "PUERTO RICO STUDENT LOAN ASSOCIATION", AND PRESCRIBING ITS POWERS AND DUTIES.

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Aprobado: Sila M. Calderón
Secretario de Estado
Por: [signature]
Secretario Auxiliar de Estado

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duties that the Board of Directors of the Association (the Board of Directors) shall deem proper to delegate. Said business shall be conducted and said powers and duties shall be exercised and performed in accordance with the provisions of the Resolution, any and all resolutions and other actions heretofore or hereafter adopted or taken by the Board of Directors and any and all rules and regulations heretofore or hereafter adopted by the Association.

Article III - Residence or Domicile

The principal office of the Association shall be in the Municipality of San Juan, Puerto Rico, but its business and other activities may be conducted in all parts of the world, and offices for that purpose may be located both in the Municipality of San Juan and elsewhere in the Commonwealth of Puerto Rico and in such other places as the Board of Directors may from time to time direct.

Article IV - Official Seal

The Association shall have a seal of such design as the Board of Directors may adopt, setting forth the name of the Association, an impression of which is upon the margin hereof.

Said seal may be affixed by an impression, printing, stamping, or by any other method of reproduction, and the President may use the design of said seal upon such stationery, printed matter or other publications of the Association as may be convenient and appropriate.

Article V - Board of Directors

Section 1. General

As provided in the Resolution and Act No. 17 of the Legislature of Puerto Rico, approved September 23, 1948, as amended (the "Act"), the Board of Directors shall be the Board of Directors of Development Bank, as duly constituted from time to time.

Section 2. Salary, Compensation of Directors

Directors shall not receive a stated salary or compensation for their services to the Association, but, by resolution of the Board of Directors, a fixed sum may be allowed for attendance at each regular or special meeting of the Board of Directors or any committee thereof as well as reimbursement of expenses incurred in connection therewith.

Section 3. Advisory Committee

The Board of Directors may appoint and advisory committee (the "Advisory Committee") composed of the President and the Secretary of the Association and such other members

(which members may but need not be officers or employees of the Association) as the Board of Directors shall decide for the purpose of conducting the business of the Association between meetings of the Board of Directors or for such other purposes as the Board of Directors shall authorize. The advisory Committee shall keep regular minutes of its meetings (which minutes shall be kept by the Secretary of the Association), and shall report its activities to the Board of Directors at each of such Board's meetings. The members of the Advisory Committee shall not receive any stated salary for their services as members of the Advisory Committee, but such members as are not officers or employees of the Association, may, by resolution of the Board of Directors, be paid a fixed sum for attendance of each meeting of the Advisory Committee and reimbursement for expenses in connection therewith.

Article VI - Meetings of Directors

Section 1. Regular Meetings

Regular meetings of the Board of Directors shall be held at the place and on the day and hour previously agreed upon by the Board for the purpose of electing officers, appointing members to the advisory Committee (if existing) and transacting such other business as may come before the Board.

Section 2. Special Meetings

Special meetings of the Board of Directors may be held upon prior call of the President, the Chairman of the Board or of any three of the Directors. Such call shall state the purpose, place, date and time of the special meeting and business transacted at special meetings shall be confined to the objects stated in the call. Upon any such call, it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided.

Section 3. Notice of Meetings

The Secretary, in accordance with instructions of the Chairman of the Board or President, shall prepare and send notice of all meetings to each of the Directors. Each such notice shall state the time and place of the meeting, but, except in the case of a special meeting, need not state its purpose or the matters to be discussed. Each such notice shall be delivered by messenger, telegraph or mail to each Director at least 48 hours before the date fixed for the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Association with postage thereon paid. Meetings may be held without prior 48 hours notice provided that each of the Directors shall sign a waiver of notice for said meeting.

The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting by such Director.

Section 4. Quorum

A majority of the Board of Directors shall constitute a quorum, and the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present shall be necessary for any action that the Board may take, except adjournment. No vacancy in the membership of the Board shall impair the rights of a quorum to exercise all the rights and perform all of the duties of the Board.

Section 5. Adjournment

Meetings of the Board of Directors may be adjourned if a quorum is present, without notice. If there is no quorum, meetings of the Board may be adjourned by the Directors present, or if none, by the Secretary; provided, that notice of such adjournment shall be by the method prescribed above in Section 3 to those Directors of the Board absent from such meeting at least 72 hours before the time to which such meeting shall be adjourned.

Section 6. Attendance

In addition to the Directors, the President and the Secretary may attend the meetings of the Board, provided that such persons shall have no vote. The Board may permit the attendance at its meeting of any other person or persons as it may deem desirable, provided that such persons shall have

no vote. The President may designate any person to act as his assistant or counsel in any meeting of the Board.

Section 7. Minutes

The minutes of each meeting of the Board shall be under the custody of the Secretary and shall include a record of all actions taken and all resolutions adopted by the Board. The minutes of each meeting of the Board shall be read at the following meeting and presented for approval by the Secretary.

Section 8. Procedure

Insofar as not inconsistent herewith, meetings shall be conducted pursuant to Robert's Rules of Order but failure to comply therewith shall not affect the validity of any action taken.

Section 9. Action Without a Meeting

Any action required by law to be taken at a meeting of the Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth action so taken, shall be signed by all of the Directors and filed by the Secretary with the minutes of the proceedings of the Board.

Section 10. Chairman of the Board

The Board of Directors shall elect a Chairman and a Vice Chairman from among its members. The Chairman shall preside at all meetings of the Board and in his absence the

Vice Chairman shall preside. In the absence of both the Chairman and Vice Chairman, an Acting Chairman, appointed by the Directors present, shall preside.

Article VII - Conflicts of Interest

Section 1. No member or Director of the Association shall have as an individual an interest in or title to the assets of the Association, and such assets shall be devoted exclusively to the purposes of the Association.

Section 2. No member or Director of the Association, during their membership or term of office, shall be an individual party to a contract for profit with the Association.

Article VIII - Officers

Section 1. Number

The officers of the Association shall be a President, one or more Vice Presidents, Secretary, General Counsel, and Treasurer. The Association may also have one or more Assistant Secretaries and Assistant Treasurers and such other officers as may be designated by the Board from time to time to perform such duties as may be designated by the Board. The Directors of the Association may not serve as officers of the Association.

Section 2. Election and Term of Office

The officers shall be elected by the Board at any regular or special meeting of the Board. Each officer shall hold office until his successor shall have been elected. Except as otherwise provided in these By-Laws a permanent vacancy in any office may be filled by the Board or by the President, subject to the approval by the Board.

Section 3. Removal of Officers and Agents by Directors

Any officer or agent elected or appointed by the Board or by the President may be removed by the Board or by the

President, subject to the approval of the Board, whenever in its or his judgment the best interests of the Association will be served thereby.

Section 4. The President

The President shall be the chief executive officer of the Association and:

(a) shall be responsible to the Board for the execution of its policy and for the general supervision of the affairs and business of the Corporation, and shall exercise general supervision over the affairs, activities, officers, agent, employees and properties of the Association;

(b) may sign any checks, drafts or other orders for the payment of money, deeds, mortgages, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases where the signing or execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and

(c) in general, perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

Section 5. Vice President

In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and who so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 6. Secretary

The Secretary shall:

(a) Keep the minutes of the meetings of the members and of the Board and of the Advisory Committee (if existing) in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these By-Laws;

(c) be custodian of the corporate records and of the seal of the Association, and affix the seal of the Association to documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these By-Laws;

(d) keep a register of the names and post office addresses of all Directors;

(e) have general charge of the books of the Association;

(f) keep on file at all times a complete copy of the Resolution and the By-Laws of the Association containing all amendments thereto (which copy shall always be open to the inspection of any Director): and

(g) in general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him by the Board.

The Board may appoint one or more Assistant Secretaries to act in the absence of the Secretary and to perform such other duties as the Board of Directors or the President may from time to time prescribe.

Section 7. General Counsel

The General Counsel shall be the chief consulting officer of the Association as to all legal matters and shall

have general control of all matters of legal importance concerning the Association.

Section 8. Treasurer

The Treasurer shall have responsibility for:

(a) The receipt, disbursement, deposit and investment of the Association's funds;

(b) the assembly and preparation of data for financings of the Association;

(c) the deposit and disbursement of the proceeds from financings of the Association; and

(d) the custody of any securities issued or held by the Association; and

(e) such other duties as the President shall direct.

The Board may appoint one or more Assistant Treasurers to act in the absence of the Treasurer and to perform such other duties as the President from time to time prescribe.

Section 9. Powers and Duties of Officers and Employees

The powers of each officer of the Association as generally described in these By-Laws shall be exercised personally by him or, under his supervision and control, by such officers, employees, or agents as he may delegate to or designate for that purpose. The general duties of employees of the Association shall be established by the President. The President may authorize the officers and employees of the Association to exercise such other powers and perform such other duties of the Association as shall be necessary or

proper in connection with those specifically assigned to them under the By-Laws or authorized by the Board, including but not limited to the custody of property of the Association incidental to their duties, the supervision of subordinate employees engaged in work in connection with the powers and duties of said officers, and the negotiation and execution of contracts, agreements, checks, drafts, orders and other documents of the Association.

Section 10. Temporary Absence

In case of any temporary absence or disability of any officer, said officer shall designate one of his principal assistants to perform his duties, unless some other designation is made by the President or by these By-Laws.

Section 11. Fidelity Bonds

The Board of Directors may require any or all officers, agent and employees, charged with the collection, custody or disbursement of any funds, property, or negotiable securities of the Association to give fidelity bonds, in such sum or sums and with such sureties as the Board shall from time to time prescribe; and premiums thereof shall be paid by the Association.

Section 12. Compensation

The compensation of officers appointed by the Board, if any, shall be fixed by the Board. The compensation, if any, of officers, employees and agents appointed by the President

shall be fixed by the President, subject to the approval of the Board.

Article IX - Fiscal year and audit

Section 1. The fiscal year of the Association shall commence on the first day of July and end on the thirtieth day of June each year.

Section 2. The books and accounts of the Association shall be audited annually by a certified public accountant at the close of each fiscal year. The audit report shall be submitted to the Board of Directors as soon as practical after receipt. The Association shall also be subject to an annual audit by Government Development Bank for Puerto Rico.

Article X - Dissolution

In the event of dissolution, the residual assets of the Association after paying or making provision for the payment of all of the liabilities of the Association, shall be turned over free and clear of all liens and encumbrances to the Government Development Bank for Puerto Rico, exclusively for a public purpose.

Article XI - Annual Reports

The Association shall submit an annual report to the

Board of Directors, which report shall include detailed information on the structure, operation, and financial status of the Association.

Article XII

All funds of the Association not otherwise employed or invested shall be deposited from time to time to the credit of the Association in banks or other financial institutions authorized to do business in the Commonwealth of Puerto Rico, and designated as depositories for the funds of the Association by the Board of Directors.

Article XIII - Effectiveness

These By-Laws shall be effective immediately after their approval by the Board of Directors.

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BE IT RESOLVED by the Board of Directors of Government Development Bank for Puerto Rico, as follows:

Section 1. The Board of Directors of Government Development Bank for Puerto Rico ("Development Bank") has found and determined and does hereby declare that:

(a) The high cost of obtaining an education beyond the high school level imposes a severe financial burden on, and in many cases makes it impossible for, qualified residents of the Commonwealth to obtain a higher education without some financial assistance.

(b) It is in the public interest and essential to the welfare and well-being of the residents of the Commonwealth and to the continued development of the economy of the Commonwealth to provide a means of financial assistance to qualified students who are residents of Puerto Rico to enable them to obtain an education beyond the high school level.

(c) Title IV Part B of the Federal Higher Education Act of 1965, as amended (the "Higher Education Act") established a program which, among other things, provides for payments of interest subsidies, administrative cost allowances and special allowances to eligible lenders making student loans.

(d) Development Bank has heretofore created a subsidiary corporation designated "Puerto Rico Higher Education Assistance Corporation" which is authorized to guarantee the payment of student loans which are reinsured by the United States Secretary of Education under the Higher Education Act.

(e) It is desirable for Development Bank to create an additional subsidiary corporation which will be eligible to receive the benefits provided for the Higher Education Act, for the purpose of providing a means of financial assistance to qualified students who are residents of Puerto Rico.

Section 2. For the purpose of further developing the economy of Puerto Rico by providing a means of financial assistance to qualified students who are residents of Puerto Rico, in order to enable them to obtain an education beyond the high school level, there is hereby created pursuant to the authority of Act No. 17 of the Legislature of Puerto Rico, approved September 23,

1948, as amended, (the "GDB Act") a subsidiary Corporation of Development Bank designated "Puerto Rico Student Loan Association" (the "Subsidiary"). As provided in the GDB Act, the Subsidiary shall constitute an independent governmental instrumentality of the Commonwealth separate and apart from Development Bank, and the Board of Directors of Development Bank shall be the Board of Directors of the Subsidiary. The Subsidiary shall have the following powers:

(a) To adopt, amend and repeal by-laws for the conduct of its affairs and business and to prescribe rules, regulations and policies in connection with the performance of its functions and duties.

(b) To adopt, alter and use a corporate seal, which shall be judicially noticed.

(c) To sue and be sued.

(d) To make loans to qualified students who are residents of Puerto Rico, 100% of the principal of and interest on which have been guaranteed by the Puerto Rico Higher Education Assistance Corporation and which have been reinsured, or which have been directly insured, by the United States Secretary of Education under the Higher Education Act ("Eligible Loans").

(e) To purchase Eligible Loans from any bank or other lending institution; provided, however, that, as to any such Loans which were no made pursuant to any agreement with the Subsidiary to purchase such Loans, such bank or lending institution shall have entered into an agreement with the Subsidiary by which such bank or lending institution is committed to lending an amount equal to the proceeds of the sale of such Loans to the making of new Eligibl Loans.

(f) To sell or otherwise dispose of notes evidencing Eligible Loans or any interests therein.

(g) To borrow money and contract debts for its corporate purposes upon such terms and conditions as the Subsidiary may from time to time determine, with or without security, to dispose of its obligations evidencing such borrowing, to make, execute and deliver trust indenture and other agreements with respect to any such borrowing, contracting of debt, issuance of bonds, notes, debentures or other obligations, and by the authority of the Government of Puerto Rico, to issue its bonds, notes, debentures or other obligations in such form, secured in such manner and subject to such terms of redemption with or without premium, and to sell the same at public or private sale for such price or prices all as may be determined by its Board of Directors.

(h) To establish procedures, policies and regulations in connection with its functions under this Resolution which are consistent with the Higher Education Act and to perform such other acts as may be necessary or appropriate to comply with the Higher Education Act.

(i) To acquire property, for its corporate purposes by grant, gift, purchase, devise or bequest and to hold an exercise the rights of ownership thereof and to dispose of such property.

(j) To make and execute agreements, contracts and other instruments necessary or desirable in the exercise of the powers and functions of the Subsidiary under this Resolution, with any person, firm, corporation, Federal and State agencies and with the Commonwealth and any ot its political subdivisions, public agencies and other public instrumentalities.

(k) To appoint a President and a Secretary and such other officers, agents, employees, legal and other consultants, and such advisory or other committees (whose members need not be officers or employees of the Subsidiary) and to confer upon them such powers and duties and to pay such compensation for their services as the Board of Directors of the Subsidiary shall determine.

(l) To exercise such incidental powers as may be necessary or desirable to carry out its corporate purposes and to exercise such other powers as shall be conferred on it by the Board of Directors and Development Bank from time to time as permitted by the GDB Act.

Section 3. The authorization of the issuance of bonds pursuant to this Resolution by the Board of Directors of the Subsidiary shall constitute the approval of Development Bank under Act No. 272 of the Legislature of Puerto Rico, approved May 15, 1945, as amended.

Section 4. The Subsidiary shall not have any power to pledge the credit of the Commonwealth or of the Development Bank to the payment of any of its debts or any other obligations and neither the Commonwealth, Development Bank no any other public instrumentality of the Commonwealth of Puerto Rico, other than the Subsidiary, shall be liable for the payment of any of its debts or obligations of any nature.

Section 5. This Resolution shall become effective immediately upon its adoption."

EXHIBIT A

BY-LAWS

PUERTO RICO STUDENT LOAN ASSOCIATION

Article I - Legal Basis of By-Laws

These By-Laws are adopted pursuant to Article 5(a) of Resolution No. 4612, (the Resolution) adopted by the Board of Directors of the Government Development Bank for Puerto Rico ("Development Bank") on December 23, 1981 creating the "Puerto Rico Student Loan Association", (the Association), which reads in pertinent part as follows:

> "The Subsidiary shall have the following powers: (a) To adopt, amend and repeal by-laws for the conduct of its affairs and business and to prescribe rules, regulations and policies in connection with the performance of its functions and duties.d to perform such other acts as may be necessary or appropriate to comply with applicable federal legislation;

Article II - Purpose of By-Laws

The purpose of these By-Laws is to govern generally the manner in which the business of the Association may be conducted and the manner in which the powers and duties granted to and imposed upon it by the Resolution shall be exercised and performed; and to confer upon its officers, agents, employees and its advisory committee such powers and