



**Substitute House Bill No. 6709**

**Public Act No. 05-184**

**AN ACT CONCERNING THE CONNECTICUT STUDENT LOAN FOUNDATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (f) of section 10a-202 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(f) "Eligible lender" means "eligible lender", as defined in Title IV, Part B of the Higher Education Act of 1965, where applicable.

Sec. 2. Subsection (a) of section 10a-203 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) Said corporation shall be governed and all of its corporate powers exercised by a board of directors which shall consist of [thirteen] fourteen members, as follows: The chairperson of the Board of Governors of Higher Education and the Commissioner of Higher Education; seven public members appointed by the Governor, at least one of whom shall represent the private colleges, and commencing with the next regular appointments made on and after July 1, 1984, at least one shall be a financial aid officer at an eligible institution and at least one shall be a person having a favorable reputation for skill,

***Substitute House Bill No. 6709***

knowledge and experience in management of a private company or lending institution at least as large as the corporation and all of whom shall be electors of this state; [and] one public member appointed by the board of directors, who shall have, through education or experience, an understanding of relevant accounting principles and practices, financial statements and audit committee functions and knowledge of internal controls, whom shall be an elector of this state; two members from the House of Representatives, one appointed by the speaker of the House of Representatives and one appointed by the minority leader of the House of Representatives; and two members from the Senate, one appointed by the president pro tempore of the Senate and one appointed by the minority leader of the Senate. Those members who are appointed by the Governor and by the board of directors shall serve for terms of four years each from July first in the year of their appointment and until their successors have been appointed. Those members who are appointed by the speaker of the House of Representatives, the minority leader of the House of Representatives, the president pro tempore of the Senate and the minority leader of the Senate shall be appointed for terms of two years from January fifteenth in the year of their appointment. The term of each appointed member of the board shall be coterminous with the term of the appointing authority or until a successor is chosen, whichever is later. The board of directors shall elect, from its own members each year, a chairperson and a vice-chairperson who shall serve for terms of one year and who shall be eligible for reelection for successive terms. Vacancies shall be filled for the unexpired term in the same manner as original appointments. Directors shall receive no compensation for their services but shall be reimbursed for their expenses actually and necessarily incurred by them in the performance of their duties under this chapter. Any member may designate in writing to the chairperson of the board of directors a representative to act in the place of such member at a meeting or meetings, with all rights and obligations at such meeting as the member represented

**Substitute House Bill No. 6709**

would have had at the meeting.

Sec. 3. Section 10a-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

The board of directors shall have the following powers:

(1) To lend money or guarantee the loan of money, and to acquire and sell loans, upon such terms and conditions as the board [or any rating agency or underwriter] may prescribe, within the limitations contained in this chapter and in Title IV, Part B of the Higher Education Act of 1965, where applicable, to assist persons in meeting the expenses of education; provided no such person shall receive any loan or loans in excess of such amounts as the board may authorize or amounts which are in conformance with Title IV, Part B of the Higher Education Act of 1965, where applicable. The board may procure a policy or policies of group life insurance to insure the repayment of loans made or guaranteed by the corporation in the event of the death of an individual to whom a loan is made or guaranteed hereunder. The board may charge any person receiving a loan under the provisions of this subsection an amount deemed reasonable by the board but in no event shall such amount exceed the amount provided by the provisions of Title IV, Part B of the Higher Education Act of 1965, where applicable.

(2) To take, hold and administer, on behalf of the corporation and for any of its purposes, real property, personal property and moneys, or any interest therein, and the income therefrom, either absolutely or in trust, for any purpose of the corporation. The board of directors may acquire property or moneys for such purpose by purchase or lease and by the acceptance of gifts, grants, bequests, devises or loans; provided no obligation of the corporation shall be a debt of the state, and the corporation shall have no power to make its debts payable out of any moneys except those of the corporation. [, except that, if state

**Substitute House Bill No. 6709**

appropriations are not sufficient to pay that portion of any loans which are to be repaid by the corporation under the provisions of subsection (c) of section 10a-206, the state shall guarantee to make such payments when due.]

(3) To enter into contracts with institutions of higher education, eligible lenders, nonprofit organizations or other legal entities providing for the origination, administration, servicing, custody, collection and guarantee of loans, investment agreements, agreements in connection with credit facilities, interest rate exchange agreements [to moderate interest fluctuations] and such other contracts and agreements including, but not limited to, such contracts and agreements with financial consultants, underwriters, counsel and technical specialists and other professionals as the board of directors shall deem necessary or desirable to the performance of its duties and the execution of its powers under this section.

(4) To sue and be sued in the name of the corporation. Process in any action or proceeding may be served upon the Secretary of the State, as agent for the corporation, in the manner provided by subsection (b) of section 33-663.

(5) To create and operate the affairs of the corporation through a subsidiary or division, the dominant purpose of which shall be to carry out the purposes and provisions of this chapter.

(6) To adopt rules and regulations, not inconsistent with Title IV, Part B of the Higher Education Act of 1965, where applicable, governing the qualifications, including financial need, and application for and the granting, administration and terms of loans, financed, serviced, made or guaranteed by the corporation, and governing any other matters relating to the activities of the corporation.

(7) To issue bonds, notes or other obligations of the corporation, the

**Substitute House Bill No. 6709**

interest on which shall be includable in the gross income of the holder or holders thereof for federal and state income tax purposes, to fund and refund the same, to provide for the rights of the holders thereof and to secure the same, all in accordance with section 10a-217.

(8) To perform such other acts as may be necessary or appropriate to carry out effectively the objects and purposes of the corporation, as specified in this chapter or in Title IV, Part B of the Higher Education Act of 1965, where applicable.

Sec. 4. Section 10a-204b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) The Connecticut Student Loan Foundation, a nonprofit corporation is authorized from time to time to issue its bonds, notes or other obligations in such principal amounts as in the opinion of the corporation shall be necessary to provide sufficient funds for carrying out the purposes set forth in [subsections (3) and (4)] subdivisions (2) and (3) of section 10a-201 including the payment, funding or refunding of the principal of, or interest or redemption premiums on, any bonds, notes or other obligations issued by it whether the bonds, notes or other obligations or interest to be funded or refunded have or have not become due, the establishment of reserves to secure such bonds, notes or other obligations and all other expenditures of the corporation incident to and necessary or convenient to carry out the purposes set forth in [subsections (3) and (4)] subdivisions (2) and (3) of section 10a-201.

(b) Except as may be otherwise expressly provided herein or by any resolution adopted by the corporation authorizing the issuance of bonds, notes or other obligations every issue of bonds, notes or other obligations shall be general obligations of the corporation payable out of any moneys or revenues of the corporation subject only to [the limitation in the subsection and to] any agreements with the holders of

**Substitute House Bill No. 6709**

particular bonds, notes or other obligations pledging any particular moneys or revenues, or any specific pool of loans acquired by, the corporation. Any such bonds, notes or other obligations may be additionally secured by a pledge of any grant or contributions from any department, agency or instrumentality of the United States or person or a pledge or assignment of any moneys, income or revenues of the corporation or payable to the corporation from any source whatsoever.

(c) Any provision of any law to the contrary notwithstanding, any bonds, notes or other obligations issued by the corporation pursuant to this section shall be fully negotiable within the meaning and for all purposes of title 42a, whether or not the form and character to so qualify under the terms thereof, subject only to the provisions of the authorizing resolution. Any such bonds are hereby made securities in which public officers and public bodies of the state and its political subdivisions, all insurance companies, credit unions, savings and loan associations, investment companies, banking associations, trust companies, executors, administrators, trustees and other fiduciaries and pension, profit-sharing and retirement funds may properly and legally invest funds, including capital in their control or belonging to them, and are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law.

(d) Bonds, notes or other obligations of the corporation shall be authorized by resolution of the corporation and may be issued in one or more series and shall bear such date or dates, mature at such time or times, in the case of any such note, or any renewal thereof, not exceeding five years from the date of the original issue of such notes, and, in the case of bonds, not exceeding [thirty] forty years from the

**Substitute House Bill No. 6709**

date of the original issue of such bonds bear interest at such rate or rates, be in such denomination or denominations, be in such form, either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable from such sources in such medium of payment at such place or places within or without this state, and be subject to such terms of redemption, with or without premium, as such resolution or resolutions may provide. Such resolution may delegate to the president of the corporation, acting solely or in combination with any one or more directors, the power to determine any details of such bonds, notes or other obligations and to award such bonds, notes or other obligations to purchasers.

(e) Bonds, notes or other obligations of the corporation may be sold at public or private sale at such price or prices as the corporation shall determine.

(f) Bonds, notes or other obligations of the corporation may be refunded and renewed from time to time as may be determined by resolution of the corporation, provided any such refunding or renewal shall be in conformity with any rights of the holders thereof.

(g) Bonds, notes or other obligations of the corporation issued under the provisions of this section shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof other than the corporation or a pledge of the faith and credit of the state or of any such political subdivision other than the corporation, and shall not constitute bonds or notes issued or guaranteed by the state within the meaning of section 3-21 but shall be payable solely from the funds herein provided therefor. All such bonds, [bond] notes or other obligations shall contain on the face thereof a statement to the effect that neither the state of Connecticut nor any political subdivision thereof other than the corporation shall be obligated to pay the same or the interest thereon except from revenues or other funds of the

**Substitute House Bill No. 6709**

corporation pledged therefor and that neither the faith and credit nor the taxing power of the state of Connecticut or of any political subdivision thereof other than the corporation is pledged to the payment of the principal of or the interest on such bonds, notes or other obligations.

(h) Any resolution or resolutions authorizing the issuance of bonds, notes or other obligations may contain provisions, except as expressly limited in this section and except as otherwise limited by existing agreements with the holders of bonds, notes or other obligations, which shall be a part of the contract with the holders thereof, as to the following: [(i)] (1) The pledging and assignment of all or any part of the moneys received by or payable the corporation (A) in payment of loans and interest thereon, (B) as guarantee or insurance payments with respect to loans and interest thereon, or (C) otherwise with respect to loans and interest thereon and other moneys [received or to be] received by or payable to the corporation, to secure the payment of the principal of and interest on any bonds, notes or other obligations or of any issue thereof; [(ii)] (2) the pledging and assignment of all or any part of the assets of the corporation including, but not limited to, loans and the rights to receive payments pursuant to and enforce contracts with respect to loans and interest thereon, to secure the payment of principal and interest on any bonds, notes or other obligations or of any issue thereof; [(iii)] (3) the use and disposition of the gross income from, and the payments of principal received by or payable to the corporation on, loans held by or on behalf of the corporation; [(iv)] (4) the establishment of reserves or sinking funds, the making of charges and fees to provide for the same, and the regulation and disposition thereof; [(v)] (5) limitations on the purpose to which the proceeds of sale of bonds, notes or other obligations may be applied and pledging such proceeds to secure the payment of the bonds, notes or other obligations, or of any issues thereof; [(vi)] (6) limitations on the issuance of additional bonds, notes or other obligations, [;] the terms

**Substitute House Bill No. 6709**

upon which additional bonds, notes or other obligations may be issued and secured [;] and the refunding or purchase of outstanding bonds, notes or other obligations of the corporation; [(vii)] (7) the procedure, if any, by which the terms of any contract with the holders of any bonds, notes or other obligations of the corporation may be amended or abrogated, the amount of bonds, notes or other obligations the holders of which must consent thereto, and the manner in which such consent may be given; [(viii)] (8) limitations on the amount of moneys to be expended by the corporation for operating, administrative or other expenses of the corporation; [(ix)] (9) the vesting in a trustee or trustees of such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds, notes or other obligations and limiting or abrogating the right of the holders of any bonds, notes or other obligations of the corporation to appoint a trustee under this chapter or limiting the rights, powers and duties of such trustee; [(x)] (10) a trust agreement by and between the corporation and a corporate trustee which may be any trust company or bank having the powers of a trust company within or without the state, which agreement may provide for the pledging or assigning of any assets or income from assets to which or in which the corporation has any rights or interests, and may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds, notes or other obligations of the corporation and not otherwise in violation of law, which agreement may provide for the restriction of the rights and remedies of any individual holder of bonds, notes or other obligations of the corporation and which agreement may contain any further provisions which are reasonable and proper to delineate further the respective rights, duties, safeguards, responsibilities and liabilities of the corporation, of individual and collective holders of bonds, notes and other obligations of the corporation and the trustee and may further provide that all expenses incurred in carrying out the provisions of

**Substitute House Bill No. 6709**

such trust agreement may be treated as a part of the cost of operation of the corporation; [(xi)] (11) covenants to do or refrain from doing such acts and things as may be necessary or convenient or desirable in order to better secure any bonds, notes or other obligations of the corporation, or which, in the discretion of the corporation, will tend to make any bonds, notes or other obligations to be issued more marketable notwithstanding that such covenants, acts or things may not be enumerated herein; [(xii)] (12) the satisfaction of federal requirements; and [(xiii)] (13) any other matters of like or different character, which in any way affect the security or protection of the bonds, notes or other obligations.

(i) Any pledge made by the corporation of income, revenues or other property to secure bonds, notes or other obligations of the corporation shall be valid and binding from the time the pledge is made. The income, revenue or other property so pledged and thereafter received by or on behalf of the corporation shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the corporation, irrespective of whether such parties have notice thereof. Any such lien shall have priority over all other liens, including, without limitation, the lien of any person who in the ordinary course of business furnishes services or materials to the corporation. Any provision of law to the contrary notwithstanding, neither possession nor the filing of any financing or continuation statement or other instrument shall be necessary with respect to any such income, revenues or other property to establish or evidence the lien of any such pledge with respect thereto. Neither this section, nor any resolution authorizing bonds, notes or other obligations, nor any trust agreement nor any other instrument by which such a pledge is created need be recorded. Any pledge or lien described by this subsection shall be conclusively deemed to be a

**Substitute House Bill No. 6709**

pledge or lien described by subdivision (14) of subsection (d) of section 42a-9-109, notwithstanding that the corporation is neither a political subdivision nor an agency of the state.

(j) The corporation is authorized and empowered to obtain from any department, agency or instrumentality of the United States any insurance or guarantee as to, or of or for the payment or repayment of, interest or principal, or both, or any part thereof, on any loans, or on any bonds, notes or other obligations issued by the corporation pursuant to the provisions of this section and notwithstanding any other provisions of this chapter to enter into any agreement, contract or any other instrument whatsoever with respect to any such insurance or guarantee or with respect to the origination, servicing, collection and administration of loans, except to the extent that such action would in any way impair or interfere with the corporation's ability to perform and fulfill the terms of any agreement made with the holders of the bonds, notes or other obligations of the corporation.

(k) Neither the members of the board of directors of the corporation nor any person executing bonds, notes or other obligations issued pursuant to this section shall be liable personally on such bonds, notes or other obligations by reason of the issuance thereof. Any resolution authorizing the issuance of bonds, notes or other obligations may provide for the indemnification by the corporation of the members of the board of directors of the corporation and of any such person executing such bonds, notes or other obligations with respect to such bonds, notes or other obligations and the issuance thereof.

(l) The corporation shall have power to purchase bonds, notes or other obligations of the corporation out of any funds available therefor. The corporation may hold, cancel or resell such bonds, notes or other obligations subject to and in accordance with agreements with holders of its bonds, notes and other obligations.

**Substitute House Bill No. 6709**

(m) All moneys received by or on behalf of the corporation pursuant to or subject to the pledge of any resolution or trust agreement authorized by this section, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in such resolution or trust agreement. Subject to the provisions of any resolution authorizing the issuance of bonds, notes or other obligations, any such moneys may be invested in the Connecticut Short-Term Investment Fund and in such other investments and investment agreements as may be approved by resolution of the corporation. Any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as this chapter and the resolution authorizing the bonds of any issue or the trust agreement securing such bonds may provide.

(n) Any holder of bonds, notes or other obligations issued under the provisions of this section or any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights herein given may be restricted by any resolution authorizing the issuance of, or any such trust agreement securing, such bonds, notes or other obligations, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the state or granted hereunder or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by this section or by such resolution or trust agreement to be performed by the corporation or by any officer, employee or agent of the corporation, including the appointment of a receiver to administer any loans.

(o) The corporation is authorized and empowered, from time to time, to issue bonds, notes or other obligations the interest on which shall be includable in the gross income of the holder or holders of such

**Substitute House Bill No. 6709**

bonds, notes or other obligations under the Internal Revenue Code of 1986 or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and in the same manner that interest on bills, bonds, notes or other obligations of the United States is includable in the gross income of the [holders] holder or holders thereof under said Internal Revenue Code; the state hereby consents to such inclusion only for the bonds, notes and other obligations of the corporation authorized by this [subsection] section.

(p) In connection with, or incidental to, the issuance or carrying of bonds, notes or other obligations, or acquisition or carrying of any investment or program of investment, the corporation may enter into any contract with [the] any financial institution having a rating of at least [AA] "A", or into any contract secured by security so rated, which the corporation determines to be necessary or appropriate to place the obligation or investment of the corporation, as represented by the bonds, notes or other obligations, investment or program of investment and the contract or contracts, in whole or in part, on the interest rate cash flow or other basis desired by the corporation.

(q) In connection with, or incidental to, the issuance or carrying of bonds, notes or other obligations or entering into any of the contracts or [agreement] agreements referred to in subsection (p) of this section, the corporation may enter into credit enhancement or liquidity agreements, with payment, interest rate, security, default, remedy and other terms and conditions as the corporation determines.

(r) The state [further] covenants with the purchasers and all other subsequent owners and transferees of bonds, notes or other obligations issued by the corporation pursuant to this section, in consideration of the acceptance of and payment for the bonds, notes or other obligations, until the bonds, notes or other obligations, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding

**Substitute House Bill No. 6709**

on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the corporation with or for the benefit of such owners, that the state: [(i)] (1) Will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such bonds, notes or other obligations, other than a lien or pledge created thereon pursuant to this section; [(ii)] (2) will not in any way impair the rights, exemptions or remedies of the owners; and [(iii)] (3) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the corporation to take such action as may be necessary to fulfill the terms of the resolution authorizing the issuance of the bonds, notes or other obligations; provided, that nothing herein shall preclude the state from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter this chapter if and when adequate provision shall be made by law for the protection of the holders of outstanding bonds, notes or other obligations, pursuant to the resolution under which the bonds, notes or other obligations are issued. The corporation is authorized to include this covenant of the state, as a contract of the state, in any agreement with the owners of any bonds, notes or other obligations, in any credit facility or reimbursement agreement with respect to the bonds, notes or other obligations and in any agreement authorized by subsection (p) or (q) of this section.

(s) The provisions of this section shall be deemed to provide a complete, additional and alternative method for the actions and the things authorized thereby and shall be regarded as supplemental and additional to powers granted by other laws; the issuance of bonds, notes or other obligations under the provisions of this section need not comply with the requirements of any law applicable to the issuance of bonds, notes or other obligations. This section, being necessary for the welfare of the state and its inhabitants, shall be liberally construed to [effect] affect its purpose. None of the powers granted to the

**Substitute House Bill No. 6709**

corporation under the provisions of this section shall be subject to the supervision or regulation or require the approval or consent of any municipality or political subdivision or any department, division, commission, board, body, bureau, official or agency thereof or of the state, and the exercise thereof shall not cause the corporation to be construed to be an agency within the scope of [section] chapter 54 or a department, institution or agency of the state.

Sec. 5. Section 10a-205 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) Any loan made or guaranteed by the corporation shall bear simple interest at a rate not in excess of the rate provided in Title IV, Part B of the Higher Education Act of 1965, where applicable. Loans not governed by Title IV, Part B of said act shall bear simple interest at a rate that is in compliance with state or federal consumer lending laws, where appropriate. Such loans may bear an interest rate that is in accordance with the rate that may be charged by an institution of higher education that offers loans pursuant to subdivision (8) of section 37-9.

(b) In the case of loans made by the corporation, the rate of simple interest charged to the borrower and the term of the loan shall be at the discretion of the board but shall not exceed the rate or term provided by the provisions of Title IV, Part B of the Higher Education Act of 1965, where applicable. Loans not governed by Title IV, Part B of said act shall bear simple interest at a rate and shall have a term that is in compliance with state or federal consumer lending laws, where appropriate. Such loans may bear an interest rate that is in accordance with the rate that may be charged by an institution of higher education that offers loans pursuant to subdivision (8) of section 37-9.

[(c) The corporation shall at all times maintain an adequate restricted fund in an amount to be determined by the board which

**Substitute House Bill No. 6709**

fund shall be the total of (1) the amount of funds held in the restricted fund by the corporation and (2) the amount of bonds authorized for issuance by the State Bond Commission the proceeds of which are to be deposited in the restricted fund.]

(c) The corporation shall at all times maintain its funds in accordance with the requirements set forth in Title IV, Part B of the Higher Education Act of 1965, where applicable.

Sec. 6. Section 10a-206 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) The terms and conditions of any loan made or guaranteed by the corporation in accordance with the provisions of Title IV, Part B of the Higher Education Act of 1965 shall be governed by the provisions of Title IV, Part B of the Higher Education Act of 1965. The terms and conditions of any other loan made, guaranteed or serviced by the corporation shall be determined by the board in a manner consistent with the provisions of this chapter.

(b) Notwithstanding anything to the contrary provided in this section, the corporation may make or guarantee a loan under terms and conditions with respect to repayment which are more lenient or more restrictive as to the borrower than prescribed by this section if the board determines that such action on its part conforms to Title IV, Part B of the Higher Education Act of 1965, where applicable.

[(c) The corporation shall, in accordance with such regulations establishing maximum income limitations and criteria concerning federal interest subsidies pursuant to the federal Higher Education Act of 1965, as amended, as the corporation shall adopt and upon the satisfactory completion by any borrower of a program for which such loan was made, at the close of the repayment period of the contract of such borrower, repay the borrower ten per cent of the total amount

**Substitute House Bill No. 6709**

required to be repaid by such borrower, provided such borrower is a resident of this state at the time of application, except that no such payments shall be made for any loan for which application is made for any academic period beginning on or after July 1, 1979.]

Sec. 7. Section 10a-210 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2005*):

(a) The corporation shall make an annual report, on or before December thirty-first for the fiscal year ending September thirtieth, of its condition to the Governor, as provided in section 4-60, to the Board of Governors of Higher Education and to the General Assembly. The report shall include, in addition to the corporation's financial statement, [a description of the organization, including the number of employees and functions, data on the number and amounts of loans in default and the results of collection activities undertaken by the corporation or on behalf of the corporation] a copy of the report that the corporation submits annually to the United States Department of Education.

(b) The board shall review, at least once during each calendar quarter, the actual operating budget of the corporation to ensure that revenues and expenditures are remaining within annual budget projections.

[(c) The corporation, in its discretion, may continue, transfer, guarantee or administer any loans for education granted prior to July 1, 1965, to borrowers who qualify hereunder. Any public or private loan fund which desires to transfer its assets to the corporation may do so, and the corporation may assume the guarantees and other obligations of such fund then outstanding in each case upon such terms and conditions as the board shall prescribe.]

Sec. 8. Section 10a-211 of the general statutes is repealed and the

**Substitute House Bill No. 6709**

following is substituted in lieu thereof (*Effective July 1, 2005*):

The corporation and its corporate existence shall continue until terminated by law upon a finding that there no longer exists any need for such a corporation; provided no such law shall take effect so long as the corporation shall have bonds, notes or other obligations outstanding. For the purpose of this section, any appropriation or advance made to the corporation by the state, which has not been repaid, shall not be deemed to be an outstanding obligation of the corporation. Upon the dissolution of the corporation or the cessation of its activities all the assets, property and moneys of such corporation shall be [vested in the General Fund, except that any funds received by the corporation as gifts, grants, bequests, devises or contributions shall be] paid over, upon dissolution, to the respective undergraduate scholarship funds of higher educational institutions located in Connecticut, gifts to which are deductible or exempt from income, estate and succession taxation as more specifically described in Sections 170(c)(2), 501(c)(3) and 2055(a)(2) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, and section 12-347, in such proportions as a majority of the board shall in its absolute discretion determine.

Sec. 9. Sections 10a-204a and 10a-213 to 10a-215, inclusive, of the general statutes are repealed. (*Effective July 1, 2005*)

Approved July 1, 2005