



General Assembly

January Session, 2009

Raised Bill No. 802

LCO No. 2683

02683_____HED

Referred to Committee on Higher Education and Employment
Advancement

Introduced by:
(HED)

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

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

1 Section 1. Section 10a-201 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2009*):

3 There is hereby created a nonprofit corporation which shall be
4 known as the Connecticut Student Loan Foundation. The purpose of
5 said corporation shall be to improve educational opportunity and
6 promote repayment of loans. Improving educational opportunity
7 [shall] may include, but [not be] is not limited to, the following: (1)
8 Guaranteeing loans for persons to assist them in meeting the expenses
9 of education, including alternative loans and loans that are governed
10 by Title IV, Part B of the Higher Education Act of 1965, as from time to
11 time amended; (2) lending funds or acquiring loans made to persons to
12 assist them in meeting the expenses of education, including alternative
13 loans and loans that are governed by Title IV, Part B of the Higher
14 Education Act of 1965, as from time to time amended; [and] or (3)
15 providing appropriate services incident to the administration of

16 programs which are established to improve educational opportunities,
17 all in accordance with the provisions of this chapter. Said corporation
18 shall be exempt from all requirements of chapter 602.

19 Sec. 2. Section 10a-204 of the general statutes is repealed and the
20 following is substituted in lieu thereof (*Effective July 1, 2009*):

21 The board of directors shall have the following powers:

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

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

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

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

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

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

71 (7) To issue bonds, notes or other obligations of the corporation, the
72 interest on which, if so designated by resolution of the corporation,
73 shall be includable in the gross income of the holder or holders thereof
74 for federal and state income tax purposes, to fund and refund the
75 same, to provide for the rights of the holders thereof and to secure the
76 same, or to cause a subsidiary to exercise such powers, all in
77 accordance with section 10a-217.

78 (8) To contract with any institution of higher learning, eligible
79 lender, or other legal entity for the transfer of the corporation's power
80 to (i) guarantee loans, (ii) lend funds and acquire loans, or (iii) provide
81 appropriate services related to the administration of programs
82 established to improve educational opportunities as set forth in this
83 section and section 10a-201, as amended by this act. The board of
84 directors shall use the proceeds from any such transfer to pay the costs
85 and expenses of such transfer, satisfy the corporation's obligations to
86 third party creditors, satisfy employee benefit or severance obligations,
87 or fulfill its purpose and powers under this chapter.

88 [(8)] (9) To perform such other acts as may be necessary or
89 appropriate to carry out effectively the objects and purposes of the
90 corporation, as specified in this chapter or in Title IV, Part B of the
91 Higher Education Act of 1965, where applicable.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	10a-201
Sec. 2	<i>July 1, 2009</i>	10a-204

Statement of Purpose:

To allow the Connecticut Student Loan Foundation to terminate, outsource or transfer its power to guarantee loans, lend funds and acquire loans so that it may respond to changing financial market conditions.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]