



General Assembly

January Session, 2009

**Governor's Bill No. 842**

LCO No. 2912

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Referred to Committee on Higher Education and Employment  
Advancement

Introduced by:

SEN. MCKINNEY, 28<sup>th</sup> Dist.

REP. CAFERO, 142<sup>nd</sup> Dist.

**AN ACT CONCERNING A STUDENT LOAN GUARANTEE PROGRAM  
RESERVE FUND.**

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

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:

2 (1) "Credit Union League of Connecticut Student Loan Program" or  
3 "program" means a program operated by the Credit Union League of  
4 Connecticut that offers low interest rate loans to students who  
5 experience difficulty obtaining financing for post-secondary education  
6 because of more restrictive underwriting criteria, reduced access to  
7 home equity loans or decreased market value of homes;

8 (2) "Eligible student" means (A) any student enrolled in an  
9 accredited institution of higher education in this state, or (B) any  
10 resident of this state enrolled in an accredited institution of higher  
11 education;

12 (3) "Participating credit union" means any credit union in this state

13 participating in the program; and

14 (4) "Qualifying student loan" means a loan to an eligible student that  
 15 is (A) originated by a participating credit union; (B) subject to the  
 16 participating credit union's underwriting standards applicable to  
 17 student loans; (C) subject to an interest rate not exceeding six per cent  
 18 per annum for loans with a one-year deferral of commencement of  
 19 payment of interest or subject to an interest rate not exceeding five and  
 20 three-quarters per cent per annum for loans without any deferral of  
 21 commencement of payment of interest; and (D) disbursed on or before  
 22 December 31, 2009, or disbursed at a later date if approved by action of  
 23 the board of directors of the authority.

24 (b) The Connecticut Health and Educational Facilities Authority  
 25 shall allocate from its reserves an amount not to exceed three million  
 26 five hundred thousand dollars in the aggregate for purposes of  
 27 guaranteeing qualifying student loans under the Credit Union League  
 28 of Connecticut Student Loan Program. The funds so allocated shall be  
 29 held by the authority in a separate account to be known as the "Credit  
 30 Union League Student Loan Program protection account" and such  
 31 funds shall revert to the authority's general reserves at such time as the  
 32 funds are no longer needed to be held for the program. Said account  
 33 shall be used to provide a first loss guarantee to participating credit  
 34 unions not to exceed twenty per cent of the outstanding principal  
 35 amount of qualifying student loans originated by such credit unions.  
 36 The amount of any individual loan guaranteed by the authority shall  
 37 not exceed twenty per cent of the original principal balance thereof.

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|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                     |             |
| Section 1   | <i>from passage</i> | New section |

**Statement of Purpose:**

To implement the governor's budget recommendations.

*[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.]*