



Senate Bill No. 842

Public Act No. 09-110

AN ACT CONCERNING A STUDENT LOAN GUARANTEE PROGRAM RESERVE FUND.

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

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

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

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

(3) "Participating credit union" means any credit union in this state participating in the program; and

(4) "Qualifying student loan" means a loan to an eligible student that is (A) originated by a participating credit union; (B) subject to the participating credit union's underwriting standards applicable to

Senate Bill No. 842

student loans; (C) subject to an interest rate not exceeding six per cent per annum for loans with a one-year deferral of commencement of payment of interest or subject to an interest rate not exceeding five and three-quarters per cent per annum for loans without any deferral of commencement of payment of interest; and (D) disbursed on or before December 31, 2009, or disbursed at a later date if approved by action of the board of directors of the authority.

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

Approved June 5, 2009