

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 24-64—sSB 304

Higher Education and Employment Advancement Committee

**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE
CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN
AUTHORITY**

SUMMARY: This act allows Connecticut residents who are under age 18 to sign for a Connecticut Higher Education Supplemental Loan Authority (CHESLA) loan if they obtain the loan with an adult cosigner (i.e., age 18 or older). They must be otherwise eligible for the loan, and the act deems them to have full capacity to act on the loan with all the powers, privileges, and obligations of someone who is age 18, including as it relates to applying for, receiving, and repaying the loan. In practice, some people applying for college are under age 18 when an education loan must be signed.

By law, CHESLA may create special capital reserve funds (SCRF) to pay the interest and principal on bonds it issues. These SCRFs must be backed by money or certain other financial instruments. The act allows CHESLA to also use a surety policy or other similar instrument, valued at par (i.e., face value) and payable on or before any date by which debt service is due, to fund SCRFs. The surety policy or other instrument must be issued by a financial institution with at least a “AA” rating by a nationally recognized statistical rating organization and approved by the treasurer. The act also makes minor, technical, and conforming changes, including specifying that notes are treated similarly to bonds.

EFFECTIVE DATE: Upon passage