

4575

2013-2014 Regular Sessions

I N S E N A T E

April 11, 2013

Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Higher Education

AN ACT to amend the education law and the state finance law, in relation to the student loan linked deposit act

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Legislative findings and declaration of purpose. The legis-  
2 lature hereby finds that the costs of completing higher education for  
3 residents of the state of New York are increasing at a rate significant-  
4 ly faster than the rate of inflation. Paying out of pocket has become  
5 increasingly difficult for families and students seeking to improve  
6 their educational and economic prospects. An affordable college educa-  
7 tion has become increasingly inaccessible to large numbers of middle  
8 class families in the state, for whom financial resources, including  
9 state grants and scholarships, are either limited or unavailable. Many  
10 families and students have no choice but to turn to the private lending  
11 market in order to finance their higher education.

12 Compounding the problem is the fact that typical interest rates for  
13 student loans offered through the private lending market are relatively  
14 high when compared to interest rates for other purposes, such as a mort-  
15 gage or automobile. Additionally, the average student loan debt upon  
16 graduation is more than \$26,000 per student in the state. Reducing the  
17 debt burden that students endure upon graduating college has become a  
18 critical public policy goal.

19 As increasing the share of the state's population that undertakes and  
20 completes higher education is also a desirable public policy goal, and  
21 an individual's decision to complete a program of postsecondary educa-  
22 tion typically reaps economic and social rewards to the individual, the  
23 legislature hereby declares that it is in the best interest of the state  
24 to create a student loan linked deposit program whereby the state will  
25 subsidize private lenders to provide reduced-rate loans to students.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [ ] is old law to be omitted.

LBD09566-01-3

1 S 2. Paragraph c of subdivision 1 of section 680 of the education law,  
2 as added by chapter 622 of the laws of 2008, is amended and a new para-  
3 graph d is added to read as follows:

4 c. To enter into cooperative agreements, subject to the approval of  
5 the board of trustees and the director of the budget, with other enti-  
6 ties, including, but not limited to, other states, the federal govern-  
7 ment, and post-secondary institutions, to establish, administer, and  
8 operate federal student aid programs. Notwithstanding the provisions of  
9 paragraphs a and b of this subdivision, the corporation is authorized,  
10 pursuant to such cooperative agreements, to provide federal student aid  
11 services to students and families who are not residents of New York  
12 state[.]; AND

13 D. TO ADMINISTER AND OPERATE A STUDENT LOAN LINKED DEPOSIT PROGRAM  
14 PURSUANT TO ARTICLE FIFTEEN-A OF THE STATE FINANCE LAW.

15 S 3. Subdivision 2 of section 98-a of the state finance law, as added  
16 by chapter 705 of the laws of 1993, is amended to read as follows:

17 2. Notwithstanding any provision of law to the contrary, investment of  
18 bond proceeds and other funds not immediately required may be invested  
19 by the comptroller in linked deposits pursuant to article fifteen OR  
20 ARTICLE FIFTEEN-A of this chapter. If any moneys are invested by the  
21 comptroller in linked deposits pursuant to article fifteen OR ARTICLE  
22 FIFTEEN-A of this chapter, the comptroller shall compute the monthly  
23 earnings for all funds, other than the general fund, as if no such  
24 moneys had been invested in such linked deposits.

25 S 4. The state finance law is amended by adding a new article 15-A to  
26 read as follows:

#### ARTICLE 15-A

##### STUDENT LOAN LINKED DEPOSIT ACT

27  
28 SECTION 225. SHORT TITLE.  
29 226. DEFINITIONS.  
30 227. ESTABLISHMENT AND PURPOSE; STUDENT LOAN LINKED DEPOSIT  
31 PROGRAM AUTHORIZATION.  
32 228. RESPONSIBILITIES OF THE PRESIDENT, COMPTROLLER AND SUPER-  
33 INTENDENT.  
34 229. RELEASE FROM LINKED DEPOSITS.  
35 230. LINKED STUDENT LOANS.  
36 231. INTEREST RATE FOR LINKED LOANS; NO LENDER'S FEES.  
37 232. APPLICATION PROCEDURE.  
38 233. REPAYMENT PERIODS FOR LINKED STUDENT LOANS.  
39 234. LIABILITY; EARLY REPAYMENT AND WITHDRAWAL.  
40 234-A. MONITORING AND REPORT.  
41 234-B. PROMOTION OF PROGRAM.  
42 234-C. RULES AND REGULATIONS.

43  
44 S 225. SHORT TITLE. THIS ARTICLE SHALL BE KNOWN AND MAY BE CITED AS  
45 THE "STUDENT LOAN LINKED DEPOSIT ACT".

46 S 226. DEFINITIONS. WHEN USED IN THIS ARTICLE, UNLESS A DIFFERENT  
47 MEANING CLEARLY APPEARS FROM THE CONTEXT, THE FOLLOWING TERMS SHALL HAVE  
48 THE FOLLOWING MEANINGS:

49 1. "AUTHORIZED DEPOSITOR" MEANS THE COMPTROLLER WITH RESPECT TO LINKED  
50 DEPOSITS MADE BY THE COMPTROLLER.

51 2. "COMPTROLLER" MEANS THE COMPTROLLER OF THE STATE OF NEW YORK.

52 3. "DEPARTMENT" MEANS THE DEPARTMENT OF FINANCIAL SERVICES.

53 4. "ELIGIBLE RECIPIENT" MEANS AN INDIVIDUAL THAT HAS SUCCESSFULLY  
54 APPLIED FOR A LINKED STUDENT LOAN AND MET ALL REQUIREMENTS PRESCRIBED BY  
55 THE PRESIDENT AND A LENDING INSTITUTION FOR RECEIPT OF A LOAN.

56 5. "LENDER" MEANS:

1 (A) ANY COMMERCIAL BANK WHICH IS OR SHALL BECOME AN APPROVED DEPOSITO-  
2 RY OF STATE FUNDS UNDER THE PROVISIONS OF SECTION ONE HUNDRED FIVE OF  
3 THIS CHAPTER AND WHICH AGREES TO PARTICIPATE IN THE PROGRAM; OR

4 (B) ANY THRIFT WHICH AN AUTHORIZED DEPOSITOR DETERMINES IS ELIGIBLE TO  
5 ACCEPT LINKED DEPOSITS BASED UPON CRITERIA APPLIED BY THE AUTHORIZED  
6 DEPOSITOR IN MAKING DETERMINATIONS UNDER SECTION ONE HUNDRED FIVE OF  
7 THIS CHAPTER, AND WHICH AGREES TO PARTICIPATE IN THE PROGRAM, PROVIDED  
8 THAT ANY LINKED DEPOSIT IN SUCH THRIFT SHALL BE SECURED IN THE SAME  
9 MANNER AS MONEYS DEPOSITED PURSUANT TO SECTION ONE HUNDRED FIVE OF THIS  
10 CHAPTER AND SUCH THRIFTS SHALL PLEDGE ASSETS OR FURNISH OTHER SECURITY  
11 SATISFACTORY IN FORM AND AMOUNT TO THE AUTHORIZED DEPOSITOR FOR THE  
12 REPAYMENT OF MONEYS.

13 6. "LINKED DEPOSIT" MEANS A DEPOSIT PLACED WITH A LENDER BY THE COMP-  
14 TROLLER FOR A PERIOD OF FOUR YEARS AT THE LINKED DEPOSIT INTEREST RATE,  
15 PROVIDED THE LENDER AGREES TO:

16 (A) LEND THE EQUIVALENT VALUE OF SUCH DEPOSIT TO AN ELIGIBLE RECIPIENT  
17 AT THE INTEREST RATE PROVIDED IN SECTION TWO HUNDRED THIRTY-ONE OF THIS  
18 ARTICLE; AND

19 (B) PERMIT THE DEPOSIT TO BE COMPRISED OF A SERIES OF NINETY DAY  
20 DEPOSITS EACH BEARING AN INTEREST RATE EQUAL TO THE LINKED DEPOSIT  
21 INTEREST RATE FIXED AT THE TIME THE ORIGINAL DEPOSIT IS PLACED.

22 THIS ARTICLE AND THE RELATED STATUTES THAT REFER TO THIS ARTICLE DO  
23 NOT GRANT THRIFTS ELIGIBILITY TO ACCEPT PUBLIC FUNDS OR PUBLIC MONEYS  
24 FROM PUBLIC ENTITIES FOR INVESTMENT PURPOSES. A LINKED DEPOSIT IS  
25 INTENDED TO ENABLE A LENDER TO MAKE A LINKED LOAN TO AN ELIGIBLE RECIPI-  
26 ENT AND SUCH DEPOSIT EARNS A YIELD LOWER THAN POSTED RATES IN ORDER TO  
27 ACCOMPLISH THE GOALS OF THIS ARTICLE.

28 7. "LINKED DEPOSIT INTEREST RATE" MEANS FOR A LINKED DEPOSIT MADE IN  
29 CONNECTION WITH A LINKED LOAN TO AN ELIGIBLE RECIPIENT A FIXED RATE OF  
30 INTEREST WHICH IS THREE HUNDRED BASIS POINTS BELOW THE LENDER'S POSTED  
31 FOUR YEAR CERTIFICATE OF DEPOSIT RATE OR, IF THE LENDER DOES NOT OFFER A  
32 FOUR YEAR CERTIFICATE OF DEPOSIT, IS THREE HUNDRED BASIS POINTS BELOW  
33 THE AVERAGE STATEWIDE RATE FOR FOUR YEAR CERTIFICATES OF DEPOSIT AS  
34 DETERMINED BY THE SUPERINTENDENT OF FINANCIAL SERVICES. IN THE EVENT  
35 THAT THE LENDER'S POSTED FOUR YEAR CERTIFICATE OF DEPOSIT RATE, OR THE  
36 AVERAGE STATEWIDE RATE FOR FOUR YEAR CERTIFICATES OF DEPOSIT ARE BELOW  
37 THREE HUNDRED BASIS POINTS, THE LINKED DEPOSIT INTEREST RATE SHALL NOT  
38 BE LESS THAN ZERO.

39 8. "LINKED LOAN" MEANS A LOAN MADE TO AN ELIGIBLE RECIPIENT, IN AN  
40 AMOUNT EQUAL TO A LINKED DEPOSIT AND BEARING INTEREST FOR THE FIRST FOUR  
41 YEARS AT THE INTEREST RATE PROVIDED IN SECTION TWO HUNDRED THIRTY-ONE OF  
42 THIS ARTICLE.

43 9. "PRESIDENT" MEANS THE PRESIDENT OF THE HIGHER EDUCATION SERVICES  
44 CORPORATION.

45 10. "PROGRAM" MEANS THE STUDENT LOAN LINKED DEPOSIT PROGRAM.

46 11. "QUALIFIED EDUCATIONAL EXPENSES" MEANS THE ACTUAL OR EXPECTED COST  
47 OF A STUDENT'S HIGHER EDUCATION, WHICH SHALL INCLUDE THE FULL QUARTERLY,  
48 SEMESTERLY OR ANNUAL COST OF TUITION, FEES, BOOKS, SUPPLIES, ROOM AND  
49 BOARD.

50 12. "THRIFT" MEANS ANY SAVINGS BANK OR SAVINGS AND LOAN ASSOCIATION,  
51 FEDERAL SAVINGS BANK OR FEDERAL SAVINGS AND LOAN ASSOCIATION.

52 S 227. ESTABLISHMENT AND PURPOSE; STUDENT LOAN LINKED DEPOSIT PROGRAM  
53 AUTHORIZATION. THE STUDENT LOAN LINKED DEPOSIT PROGRAM IS HEREBY  
54 CREATED. THE PURPOSE OF THE PROGRAM IS TO MAKE AVAILABLE TO RESIDENTS  
55 OF NEW YORK STATE REDUCED RATE LOANS THAT WILL ASSIST IN THE FINANCING  
56 OF AN IN-STATE COLLEGE EDUCATION. THE COMPTROLLER IS HEREBY AUTHORIZED

1 TO USE ANY MONEYS OF THE STATE THE COMPTROLLER IS AUTHORIZED TO INVEST  
2 PURSUANT TO SECTION NINETY-EIGHT-A OF THIS CHAPTER AS LINKED DEPOSITS  
3 FOR THE PROGRAM. NOT MORE THAN ONE HUNDRED MILLION DOLLARS OF SUCH  
4 MONEYS SHALL BE ON DEPOSIT PURSUANT TO THE PROGRAM AT ANY GIVEN TIME.

5 S 228. RESPONSIBILITIES OF THE PRESIDENT, COMPTROLLER AND SUPERINTEN-  
6 DENT. 1. THE PRESIDENT SHALL ADMINISTER THE PROGRAM PURSUANT TO SECTION  
7 TWO HUNDRED THIRTY-TWO OF THIS ARTICLE, INCLUDING ALL DECISIONS WITH  
8 RESPECT TO THE APPLICATION AND USE OF THE PROGRAM FOR ELIGIBLE RECIPI-  
9 ENTS; MARKET AND PROMOTE THE PROGRAM PURSUANT TO SECTION TWO HUNDRED  
10 THIRTY-FOUR-B OF THIS ARTICLE; AFTER CONSULTING WITH THE COMPTROLLER AND  
11 THE SUPERINTENDENT OF FINANCIAL SERVICES, ISSUE RULES AND REGULATIONS  
12 FOR THE OPERATION OF THE PROGRAM PURSUANT TO SECTION TWO HUNDRED THIR-  
13 TY-FOUR-C OF THIS ARTICLE.

14 2. THE COMPTROLLER'S RESPONSIBILITIES FOR THE PROGRAM SHALL BE LIMITED  
15 TO: PURSUANT TO SECTIONS TWO HUNDRED TWENTY-SEVEN AND TWO HUNDRED THIR-  
16 TY-TWO OF THIS ARTICLE, PLACING MONEYS ON DEPOSIT AT THE REQUEST OF THE  
17 PRESIDENT FOR THE PURPOSES OF THE PROGRAM AND ADMINISTERING SUCH DEPOS-  
18 ITS IN ACCORDANCE WITH SECTIONS NINETY-EIGHT-A AND ONE HUNDRED FIVE OF  
19 THIS CHAPTER AND WITH THE COMPTROLLER'S ESTABLISHED PROCEDURES; AND  
20 ENTERING INTO DEPOSIT AGREEMENTS WITH LENDERS PURSUANT TO SECTION TWO  
21 HUNDRED THIRTY-TWO OF THIS ARTICLE.

22 3. THE SUPERINTENDENT'S RESPONSIBILITIES FOR THE PROGRAM SHALL BE  
23 LIMITED TO MARKETING AND PROMOTING THE PROGRAM PURSUANT TO SECTION TWO  
24 HUNDRED THIRTY-FOUR-B OF THIS ARTICLE.

25 S 229. RELEASE FROM LINKED DEPOSITS. THE AUTHORIZED DEPOSITOR MAY  
26 PERMIT FUNDS RELEASED FROM A LINKED DEPOSIT RELATING TO A LINKED LOAN TO  
27 BE MADE AVAILABLE FOR ADDITIONAL LINKED DEPOSITS UNDER THIS PROGRAM.

28 S 230. LINKED STUDENT LOANS. LINKED STUDENT LOANS SHALL BE MADE BY  
29 LENDERS PURSUANT TO THE PROGRAM ONLY TO ELIGIBLE RECIPIENTS FOR QUALI-  
30 FIED EDUCATIONAL EXPENSES. A LINKED LOAN SHALL BE LIMITED TO A MAXIMUM  
31 AMOUNT OF SEVEN THOUSAND FIVE HUNDRED DOLLARS PER ACADEMIC YEAR. AN  
32 ELIGIBLE RECIPIENT MAY RECEIVE NO MORE THAN ONE LINKED LOAN PER ACADEMIC  
33 YEAR. DURING THE LIFE OF THE LINKED LOAN PROGRAM, THE TOTAL AMOUNT OF  
34 MONEY THAT AN ELIGIBLE RECIPIENT CAN BORROW FROM THE LINKED STUDENT LOAN  
35 PROGRAM SHALL BE THIRTY THOUSAND DOLLARS. THE CREDIT DECISION FOR MAKING  
36 A LINKED LOAN SHALL BE MADE SOLELY BY THE LENDER, PROVIDED HOWEVER THAT  
37 SUCH LENDER SHALL ENSURE THAT AN ELIGIBLE RECIPIENT COMPLIES WITH THE  
38 PROVISIONS OF THIS ARTICLE, INCLUDING ANY RULES OR REGULATIONS ISSUED BY  
39 THE PRESIDENT. NOTWITHSTANDING THE LENGTH OF THE TERM OF A LINKED LOAN,  
40 THE LINKED DEPOSIT RELATING TO THE LINKED LOAN SHALL BE FOR A PERIOD OF  
41 NOT MORE THAN FOUR YEARS.

42 S 231. INTEREST RATE FOR LINKED LOANS; NO LENDER'S FEES. 1. LINKED  
43 LOANS MADE TO ELIGIBLE RECIPIENTS SHALL BEAR INTEREST AT A FIXED RATE  
44 EQUAL TO THREE PERCENTAGE POINTS BELOW THE FIXED INTEREST RATE THE LEND-  
45 ER WOULD HAVE CHARGED FOR THE LOAN IN THE ABSENCE OF A LINKED DEPOSIT  
46 BASED ON ITS USUAL CREDIT CONSIDERATIONS. LENDERS SHALL CERTIFY TO THE  
47 PRESIDENT THAT THE RATE TO BE CHARGED ON A LINKED LOAN IS THREE PERCENT-  
48 AGE POINTS BELOW THE INTEREST RATE THE LENDER WOULD HAVE CHARGED FOR THE  
49 LOAN IN THE ABSENCE OF A LINKED DEPOSIT.

50 2. LENDERS WHO MAKE LOANS PURSUANT TO THE PROGRAM SHALL NOT BE ENTI-  
51 TLED TO CHARGE ANY DISCOUNT, POINTS, ORIGINATION FEES, HANDLING FEES,  
52 SERVICE CHARGES, REFINANCING FEES OR PENALTIES OR ANY CHARGE OTHER THAN  
53 THOSE NORMALLY CHARGED AND IN SUCH AMOUNTS NORMALLY CHARGED BY THE LEND-  
54 ER FOR LOANS OF THE TYPE BEING MADE WITHOUT REGARD TO THE PROGRAM.

55 S 232. APPLICATION PROCEDURE. 1. THE PRESIDENT, WITH THE ASSISTANCE OF  
56 THE SUPERINTENDENT OF THE DEPARTMENT, SHALL ESTABLISH PROCEDURES AND

1 OTHER REQUIREMENTS FOR PARTICIPATION IN THE PROGRAM, AND SHALL PROVIDE A  
2 SIMPLIFIED APPLICATION FORM TO THE PARTICIPATING LENDERS FOR LINKED  
3 DEPOSITS. SUCH FORM SHALL REFLECT THE QUALIFYING INFORMATION REQUIRED  
4 BY THIS ARTICLE FOR ELIGIBLE LOAN RECIPIENTS. UPON COMPLETION OF ANY  
5 APPLICATION FOR A LINKED DEPOSIT, THE LENDER SHALL SEND THE APPLICATION,  
6 TOGETHER WITH THE INTEREST RATE CERTIFICATION REQUIRED PURSUANT TO  
7 SECTION TWO HUNDRED THIRTY-ONE OF THIS ARTICLE, TO THE PRESIDENT WHO  
8 SHALL EITHER APPROVE OR REJECT THE APPLICATION WITHIN TWENTY-EIGHT DAYS.  
9 THE PRESIDENT SHALL EVALUATE EACH APPLICATION BASED UPON THE FOLLOWING  
10 CRITERIA:

11 (A) THE EXTENT TO WHICH SUCH LOAN WOULD REDUCE THE LONG-TERM COST OF  
12 FINANCING A STUDENT'S HIGHER EDUCATION;

13 (B) THE LIKELIHOOD OF THE STUDENT SUCCESSFULLY COMPLETING HIS OR HER  
14 HIGHER EDUCATION AND REPAYING THE LOAN WITHIN A TIMELY MANNER; AND

15 (C) SUCH OTHER CRITERIA AS THE PRESIDENT DEEMS RELEVANT.

16 2. IF THE DEPOSIT APPLICATION IS APPROVED BY THE PRESIDENT, HE OR SHE  
17 SHALL NOTIFY AN AUTHORIZED DEPOSITOR THAT A DETERMINATION HAS BEEN MADE  
18 THAT THE APPLICATION SATISFIES THE REQUIREMENTS OF THIS ARTICLE, AND THE  
19 PRESIDENT SHALL REQUEST THE AUTHORIZED DEPOSITOR TO DEPOSIT FUNDS WITH  
20 THE LENDER IN ACCORDANCE WITH SECTION NINETY-EIGHT-A OF THIS CHAPTER AND  
21 WITH THE AUTHORIZED DEPOSITOR'S ESTABLISHED PROCEDURES. SUCH DEPOSITS  
22 SHALL BE SECURED IN ACCORDANCE WITH THE PROVISIONS OF SECTION ONE  
23 HUNDRED FIVE OF THIS CHAPTER, AND LENDERS RECEIVING SUCH DEPOSITS SHALL  
24 SATISFY, IN THE SOLE JUDGMENT OF THE AUTHORIZED DEPOSITOR, ALL COLLAT-  
25 ERAL AND OTHER REQUIREMENTS GENERALLY APPLIED BY THE AUTHORIZED DEPOS-  
26 ITOR TO FUNDS INVESTED BY IT. THE NOTIFIED AUTHORIZED DEPOSITOR AND THE  
27 LENDER SHALL ENTER INTO A WRITTEN DEPOSIT AGREEMENT. IN NO EVENT SHALL  
28 ANY DEFECT IN ANY SUCH AGREEMENT BE ASSERTED AS A DEFENSE BY A BORROWER  
29 ON A LINKED LOAN MADE PURSUANT TO THE PROGRAM.

30 S 233. REPAYMENT PERIODS FOR LINKED STUDENT LOANS. THE PRESIDENT SHALL  
31 REQUIRE THAT LINKED STUDENT LOANS ISSUED THROUGH THE PROGRAM OFFER FLEX-  
32 IBLE REPAYMENT OPTIONS, INCLUDING THE OPTION OF AN INCOME-BASED REPAY-  
33 MENT PLAN. SUCH REPAYMENT OPTIONS MAY, IF THE PRESIDENT DEEMS IT ADVIS-  
34 ABLE, BE CONSISTENT WITH THE REPAYMENT TERMS STIPULATED BY THE WILLIAM  
35 D. FORD FEDERAL DIRECT LOAN PROGRAM AUTHORIZED PURSUANT TO 20 USC CHAP-  
36 TER 28, SUBCHAPTER IV, PART C.

37 S 234. LIABILITY; EARLY REPAYMENT AND WITHDRAWAL. NOTHING CONTAINED IN  
38 THIS ARTICLE SHALL IMPOSE LIABILITY ON THE STATE OR ANY OF ITS DEPART-  
39 MENTS OR EMPLOYEES FOR PAYMENT OR DELAYS IN PAYMENT OF THE PRINCIPAL OR  
40 INTEREST OF A LINKED LOAN. ANY DELAY IN PAYMENTS OR ANY DEFAULT ON A  
41 LINKED LOAN SHALL IN NO WAY AFFECT THE LINKED DEPOSIT AGREEMENT BETWEEN  
42 THE LENDER AND THE AUTHORIZED DEPOSITOR. HOWEVER, IN THE EVENT THE  
43 INTEREST RATE OF THE LINKED LOAN SHALL BE INCREASED AS A CONSEQUENCE OF  
44 DEFAULT OR RENEGOTIATION, OR THE LOAN SHALL BE CHARGED OFF, THE LENDER  
45 SHALL GIVE THE AUTHORIZED DEPOSITOR PROMPT NOTICE OF SUCH EVENT, AND THE  
46 AUTHORIZED DEPOSITOR SHALL THEREAFTER WITHDRAW THE LINKED DEPOSIT UPON  
47 NOT LESS THAN SEVEN DAYS' PRIOR WRITTEN NOTICE TO THE LENDER. UPON EARLY  
48 REPAYMENT OF A LINKED LOAN, THE LENDER SHALL WITHIN THIRTY DAYS GIVE THE  
49 AUTHORIZED DEPOSITOR NOTICE OF SUCH EARLY REPAYMENT, AND THE AUTHORIZED  
50 DEPOSITOR SHALL THEREAFTER WITHDRAW THE LINKED DEPOSIT UPON NOT LESS  
51 THAN SEVEN DAYS' PRIOR WRITTEN NOTICE TO THE LENDER, AND THE INTEREST  
52 RATE PAYABLE ON THE LINKED DEPOSIT FROM THE DATE OF EARLY REPAYMENT OF  
53 THE LINKED LOAN TO THE DATE OF WITHDRAWAL OF THE LINKED DEPOSIT SHALL BE  
54 THE INTEREST RATE UPON WHICH THE LINKED DEPOSIT INTEREST RATE WAS CALCU-  
55 LATED WITHOUT REGARD TO THE APPLICABLE BASIS POINT REDUCTION.

1 S 234-A. MONITORING AND REPORT. 1. THE PRESIDENT SHALL MONITOR THE  
2 ACTIVITIES OF PARTICIPATING LENDERS AND LOAN RECIPIENTS AND MAY REQUIRE  
3 PERIODIC REPORTS OR OTHER INFORMATION THE PRESIDENT DEEMS NECESSARY FROM  
4 PARTICIPATING LENDERS AND LOAN RECIPIENTS ON THE STATUS OF THE LINKED  
5 LOANS TO ENSURE COMPLIANCE WITH THE PROVISIONS AND THE INTENT OF THIS  
6 ARTICLE.

7 2. ON OR BEFORE DECEMBER FIRST, TWO THOUSAND FIFTEEN, AND ANNUALLY  
8 THEREAFTER THE PRESIDENT SHALL SUBMIT TO THE GOVERNOR, THE TEMPORARY  
9 PRESIDENT OF THE SENATE AND THE SPEAKER OF THE ASSEMBLY A REPORT REGARD-  
10 ING THE ACTIVITIES OF THE PROGRAM. SUCH REPORT SHALL CONTAIN A STATEMENT  
11 OF THE COST OF THE PROGRAM TO THE STATE, CONSIDERED AS A WHOLE, BECAUSE  
12 OF REDUCED RATES ON FUNDS INVESTED IN LINKED DEPOSITS. SUCH REPORT SHALL  
13 ALSO INCLUDE, BUT SHALL NOT BE LIMITED TO, THE NUMBER AND TYPE OF LINKED  
14 LOANS UNDER THE PROGRAM AND THE AMOUNT THEREOF; THE NUMBER AND TYPES OF  
15 LENDERS MAKING LINKED LOANS AND OF INDIVIDUALS RECEIVING LINKED LOANS;  
16 THE GEOGRAPHIC DISTRIBUTION OF SUCH LENDERS AND RECIPIENTS, INCLUDING  
17 THE STEPS TAKEN TO ENSURE GEOGRAPHIC DIVERSITY AMONG PARTICIPATING LEND-  
18 ERS, AS WELL AS ANY INFORMATION THE PRESIDENT DETERMINES USEFUL IN EVAL-  
19 UATING THE BENEFITS OF THE PROGRAM.

20 S 234-B. PROMOTION OF PROGRAM. THE DEPARTMENT, WITH THE ASSISTANCE OF  
21 OTHER APPROPRIATE STATE AGENCIES, SHALL ACTIVELY MARKET AND PROMOTE  
22 AWARENESS OF THE PROGRAM IN ALL GEOGRAPHICAL AREAS OF THE STATE AMONG  
23 COMMERCIAL BANKS, THRIFTS AND OTHER APPROPRIATE BANKING ORGANIZATIONS.

24 S 234-C. RULES AND REGULATIONS. THE PRESIDENT SHALL, IN CONSULTATION  
25 WITH THE COMPTROLLER AND THE SUPERINTENDENT OF FINANCIAL SERVICES,  
26 PROMULGATE RULES AND REGULATIONS NECESSARY AND REASONABLE FOR THE OPERA-  
27 TION OF THE PROGRAM.

28 S 5. This act shall take effect on the one hundred eightieth day after  
29 it shall have become a law, provided however that effective immediately,  
30 the addition, amendment and/or repeal of any rules or regulations neces-  
31 sary for implementation of the foregoing sections of this act on its  
32 effective date is authorized and directed to be made and completed on or  
33 before such effective date.