

WHEREAS, Notwithstanding the best efforts of the Corporation and other guaranty agencies, there has been fraud and abuse in the Title IV federally guaranteed loan programs by certain institutions; and

WHEREAS, In response to this fraud and abuse, the Congress of the United States and the United States Department of Education have established and are implementing changes to the Title IV loan programs that will affect the operation of the Corporation; and

WHEREAS, These changes warrant the orderly dissolution of the Corporation; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Education

18-1003.

(a) The purpose of the Corporation is to improve the educational opportunities of residents of this State who attend or plan to attend colleges or vocational schools in this State or elsewhere, by lending or guaranteeing the loan of funds to these individuals or, in the case of a dependent undergraduate, graduate, or professional student, or independent undergraduate student, to the individual's parents to help them meet their educational expenses. Whenever necessary to carry out the provisions of this section, the terms "student", "student borrower", or "borrower" used in this subtitle shall include a "parent borrower" who is eligible to borrow under the program to help meet the educational expenses of a dependent undergraduate, graduate, or professional student or independent undergraduate student.

(b) To carry out its purpose, the Corporation may:

(1) Lend money under this subtitle, on the terms and conditions the Board determines, to residents of this State who have been accepted for enrollment or who are students in good standing at colleges or vocational schools in this State or elsewhere, to help them meet their educational expenses;

(2) Guarantee the loan of money under this subtitle on the terms and conditions the Board determines to residents of this State who have been accepted for enrollment or who are students in good standing at colleges or vocational schools in this State or elsewhere, to help them meet their educational expenses;

(3) Obtain a group life insurance policy to insure the repayment of loans made or guaranteed by the Corporation if a borrower dies;

(4) Pay a service fee of \$40 to any lending institution for the processing, approval, and granting a loan or conversion to a "pay-out" program for an existing loan on behalf of any student who receives a loan under this subtitle;

(5) Acquire by gift, grant, appropriation or purchase, and own, either absolutely or in trust, any interest in or income from property and money for any purpose of the Corporation from any source, and on any terms;