
A BILL FOR AN ACT

RELATING TO LOANS FOR TEACHERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 302A, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§302A- Loans to teachers; rural area schools; rural
5 area teachers loan fund. (a) The department shall establish a
6 loan program to provide interest-free home purchase loans to
7 qualified teachers.

8 (b) The department may adopt rules pursuant to chapter 91
9 to establish eligibility requirements for teachers applying for
10 a loan under this section.

11 (c) Loans made under this section shall be interest-free
12 and used by the qualified teacher exclusively for the purchase
13 of homes, including apartments, townhouses, and condominiums.

14 In addition, loans made under this section shall be:

15 (1) Repaid with a payment plan specified by the
16 department; provided that additional payments in any
17 sums, or the payment of the entire principal, may be
18 made at any date within the time period of the loan;



- 1 (2) Secured in a manner to be determined by the
2 department; and
- 3 (3) Subject to penalties for delinquency or late payments
4 as specified by the department and including
5 subsection (d).

6 The department shall negotiate the terms and conditions of each
7 loan to ensure that each loan complies with the provisions of
8 this section.

9 (d) During the time period of the loan, if at any time a
10 person receiving the loan fails to comply with the requirements
11 established in the definition of "qualified teacher" under this
12 section, the loan shall be considered forfeit and all principal
13 amounts outstanding, plus penalties, shall become due and
14 payable. If the principal amounts outstanding and penalties are
15 not remitted, the department may initiate foreclosure
16 proceedings on the home purchased through the proceeds from the
17 loan. This section shall not apply in cases where the qualified
18 teacher fails to comply with the requirements because of
19 circumstances beyond the qualified teacher's control, as
20 determined by the department.

21 (e) Loans provided under this section shall not exceed
22 \$ per qualified teacher. Each qualified teacher shall
23 receive no more than one loan under this section.



1 (f) There is established in the state treasury a special
2 fund to be known as the rural area teachers loan fund. Moneys
3 in this fund shall be loaned by the department pursuant to this
4 section. The rural area teachers loan fund shall be funded by:

- 5 (1) Legislative appropriations;
6 (2) Federal funds if available; and
7 (3) All principal payments, fees, penalties, and any other
8 proceeds derived by the department pursuant to this
9 section.

10 (g) For the purposes of this section:

11 "Qualified rural area school" means a public or private
12 primary school, secondary school, high school, college
13 preparatory school, or new century charter school that:

- 14 (1) Has demonstrated difficulty in hiring and retaining
15 teachers, according to standards and criteria
16 specified by the department; and
17 (2) Is located in a rural area that is characterized by a
18 low population density and the absence of "city-like"
19 concentration of structures, streets, and urban
20 services; provided that the department may establish
21 more specific criteria and standards to further define
22 "rural area".



HB NO 2437

Report Title:

Loan Incentives; Rural Areas; Teachers

Description:

Establishes interest-free home purchase loan programs for teachers to provide them with an incentive to work in hard-to-staff rural areas.

