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# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1           SECTION 1. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding a new subpart to part II to be appropriately  
3 designated and to read as follows:

4                                 "           . HAWAII MEDICAL DOCTOR LOANS

5           **§304A-A Hawaii medical doctor loans; eligibility; amounts.**

6 There is created the Hawaii medical doctor loan program to be  
7 administered by the University of Hawaii, to provide financial  
8 support to students who complete a state-approved medical school  
9 program at the University of Hawaii and who agree to practice in  
10 rural areas of the state, as designated by the University of  
11 Hawaii. Eligibility shall be awarded by the university to  
12 students on a competitive basis. The amount to be loaned to a  
13 student shall be determined by the board of regents based upon  
14 need for financial aid and proof of acceptance into a state-  
15 approved medical school program at the university. The maximum  
16 amount of loans that a student may receive under this program  
17 shall be an aggregate amount equivalent to tuition payments and  
18 costs of textbooks and other instructional and laboratory



1 materials necessary to complete a state-approved medical school  
2 program.

3       **§304A-B Repayment of loans; waiver; collection.** (a) All  
4 loans made under this subpart shall bear interest at five per  
5 cent simple interest. Repayment of principal and interest  
6 charges shall commence one year after graduation or three months  
7 after a loan recipient ceases to be enrolled in a state-approved  
8 medical school program at the university and shall be paid in  
9 periodic installments within a six-year period. The university  
10 may charge late fees and all other reasonable costs for the  
11 collection of delinquent loans.

12       (b) Upon a showing of proof that the loan recipient has  
13 completed a state-approved medical school program and is  
14 practicing as a medical doctor in a rural area of the state, as  
15 designated by the university, one-tenth of the total amount of  
16 the loan and interest shall be waived for every year of the first  
17 five years, and the remaining balance shall be waived after the  
18 sixth year that a loan recipient practices medicine in a rural  
19 area of the state, as designated by the University of Hawaii.

20       (c) Liability for repayment of a loan shall be canceled  
21 upon the death or permanent total disability of the loan  
22 recipient.



1 (d) If a loan recipient subject to this section fails to  
2 practice medicine in a rural area of the state, as designated by  
3 the university, for a minimum of ten consecutive years from the  
4 loan recipient's original date of employment with the university,  
5 excluding temporary leaves of absence, then the loan recipient  
6 shall repay any remaining loan balance at the rate of ten per  
7 cent simple interest.

8 (e) In accordance with chapter 103D, the university may  
9 enter into written contracts with collection agencies for the  
10 purpose of collecting delinquent student loans. All payments  
11 collected, exclusive of a collection agency's commissions, shall  
12 revert and be credited to the revolving fund established for the  
13 Hawaii medical doctor loan program. A collection agency that  
14 enters into a written contract with the university for the  
15 collection of delinquent student loans, pursuant to this section,  
16 may collect a commission from the debtor in accordance with the  
17 terms of, and up to the amounts authorized in, the written  
18 contract.

19 **§304A-C Capacity of minors in qualifying for Hawaii medical**  
20 **doctor loans.** Any student otherwise qualifying for a loan under  
21 the Hawaii medical doctor loan program shall not be disqualified  
22 because the student is under the age of eighteen years, and for



1 the purpose of applying for, receiving, and repaying the loan,  
2 the student shall be deemed to have full legal capacity to act  
3 and shall have all rights, powers, privileges, and obligations of  
4 an adult with respect thereto.

5 **§304A-D Rules governing Hawaii medical doctor loan program.**

6 The university may adopt rules to implement the Hawaii medical  
7 doctor loan program. The rules shall be adopted pursuant to  
8 chapter 91 but shall be exempt from the public notice and public  
9 hearing requirements.

10 **§304A-E Medical doctor loan revolving fund.** There is  
11 established a revolving fund to be known as the medical doctor  
12 loan revolving fund. The fund shall be a revolving fund and all  
13 interest and payments received on account of principal shall be  
14 credited to the fund. The fund shall be administered by the  
15 board of regents and shall be disbursed to qualified students who  
16 meet eligibility requirements under section 304A-A pursuant to  
17 rules adopted by the board."

18 SECTION 2. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so much  
20 thereof as may be necessary for fiscal year 2008-2009 for deposit  
21 into the medical doctor loan revolving fund established by this  
22 Act.



1 SECTION 3. There is appropriated out of the medical doctor  
2 loan revolving fund the sum of \$ or so much thereof as  
3 may be necessary for fiscal year 2008-2009 for the purposes of  
4 this Act.

5 The sum appropriated shall be expended by the University of  
6 Hawaii for the purposes of this Act.

7 SECTION 4. In codifying the new subpart added to chapter  
8 304A, Hawaii Revised Statutes, by section 1 of this Act, the  
9 revisor of statutes shall substitute appropriate section numbers  
10 for the letters used in designating the new sections in this Act.

11 SECTION 5. This Act shall take effect on January 1, 2050.



**Report Title:**

UH; Loan Repayments

**Description:**

Establishes loan repayment program for University of Hawaii  
medical school graduates working in rural areas of the state.  
(HB2393 HD1)

