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# A BILL FOR AN ACT

RELATING TO LONG-TERM CARE FACILITIES.

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

1           SECTION 1. Chapter 321, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:  
4           "§321-     Home and community based services care home and  
5 long-term care home facility repair and renovation loan  
6 guarantee certification. Upon request by an applicant for a  
7 home and community based services care home and long-term care  
8 home facility repair and renovation loan guarantee under part  
9 of chapter 346, the director shall review the applicant's  
10 construction plans to repair or renovate the applicant's home  
11 and community based services care home or long-term care home  
12 facility. If the director determines that the plans meet the  
13 department's licensing standards, the director shall provide a  
14 simple one-page certification to the applicant for submittal to  
15 the home and community based services care home and long-term  
16 care home facility repair and renovation loan guarantee office."



1 SECTION 2. Chapter 346, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4 "PART . HOME AND COMMUNITY BASED SERVICES CARE HOME AND  
5 LONG-TERM CARE HOME FACILITY REPAIR AND  
6 RENOVATION LOAN GUARANTEE PROGRAM

7 §346-A Definitions. For the purposes of this part, unless  
8 the context clearly requires otherwise:

9 "Home and community based services" include:

- 10 (1) Activities of daily living or the physical functions
- 11 that an independent person performs each day,
- 12 including bathing, dressing, eating, toileting,
- 13 walking or wheeling, and transferring into and out of
- 14 bed; and
- 15 (2) Instrumental activities of daily living, which is an
- 16 index that measures an individual's ability and degree
- 17 of independence in cognitive and social functioning,
- 18 such as shopping, cooking, doing housework, managing
- 19 money, and using the telephone.

20 "Home and community based services care home" means a home  
21 or facility that provides home and community based services and  
22 is licensed or certified as a:



- 1 (1) Type I or type II adult residential care home licensed  
2 under section 321-15.6;
- 3 (2) Licensed expanded adult residential care home under  
4 section 321-15.62;
- 5 (3) Assisted living facility as defined under section 321-  
6 15.1;
- 7 (4) Licensed developmental disabilities domiciliary home  
8 as defined under section 321-15.9;
- 9 (5) Community care foster family home as defined under  
10 section 346-331;
- 11 (6) Certified adult foster home as defined under section  
12 321-11.2; or
- 13 (7) Licensed nursing home as defined under 457B-2.
- 14 "Long-term care home facility" has the same meaning as the  
15 term "long-term care facility" as defined in section 349-21(f).
- 16 **§346-B Home and community based services care home and**  
17 **long-term care home facility repair and renovation loan**  
18 **guarantee program; office; loan guarantee; limitations; rules.**
- 19 (a) There is established the home and community based services  
20 care home and long-term care home facility repair and renovation  
21 loan guarantee office, which shall be placed within the  
22 department of human services. The office shall administer the



1 home and community based services care home and long-term care  
2 home facility repair and renovation loan guarantee program.

3 (b) Subject to availability of funds, the office shall  
4 guarantee loans to assist eligible applicants, as determined in  
5 section 346-C, who are owners that intend to repair or renovate  
6 their homes or facilities. The office shall guarantee loans up  
7 to ninety per cent of the principal balance of a loan made to an  
8 eligible applicant by a private lender who is unable to  
9 otherwise lend the eligible applicant sufficient funds at  
10 reasonable rates; provided that at no time shall the aggregate  
11 amount of the State's liability, contingent or otherwise, on  
12 loans guaranteed under this section exceed \$ based on  
13 a reserve level established at twenty-five per cent of the loan  
14 guarantee amount.

15 (c) The office shall limit the loans guaranteed under this  
16 section by specifying:

17 (1) The conditions under which the State may become a co-  
18 guarantor or a subordinate guarantor to a loan  
19 guarantee offered by a federal government program; and

20 (2) The specific types of loans that may be guaranteed  
21 under this program, consistent with paragraph (1).



1 (d) Interest charged on a guaranteed loan made under this  
2 section shall be determined by the office based upon the market  
3 rate of interest charged by the private lender for a similar  
4 type of loan unless waived by the office.

5 (e) When the application for a guaranteed loan has been  
6 approved by the office, the office shall issue to the lender a  
7 guaranty for that percentage of the loan on which it guarantees  
8 payment of principal and interest. The lender shall collect all  
9 payments from the borrower and otherwise service the loan.

10 (f) In return for the office's guarantee, the lender shall  
11 remit a one-time fee of two per cent on the principal amount of  
12 the guaranteed portion of the loan, at the time the loan is  
13 booked, except for the following:

14 (1) On loans of \$ or less with a maturity  
15 exceeding twelve months, a reduced fee of one per  
16 cent; and

17 (2) On loans with a maturity of twelve months or less, a  
18 reduced fee of one per cent shall be paid.

19 This fee may be paid by the borrower as a cost for the loan.

20 (g) When any installment of principal and interest has  
21 been due for sixty days and has not been paid by the borrower,  
22 the office shall issue, on request of the lender, a check for



1 the percentage of the overdue payment guaranteed, thereby  
2 acquiring a division of interest in the collateral pledged by  
3 the borrower in proportion to the amount of the payment. The  
4 office shall be reimbursed for any amounts so paid plus the  
5 applicable interest rate, where payment is collected from the  
6 borrower.

7 (h) Under conditions specified in rules adopted by the  
8 office, the lender may request that a portion or all of the  
9 guaranteed percentage of the principal balance of the loan be  
10 converted to a participating share held by the office.

11 (i) If the lender deems that foreclosure proceedings are  
12 necessary to collect moneys due from the borrower, it shall  
13 notify the office. Within thirty days of the notification, the  
14 office may elect to request an assignment of the loan on payment  
15 in full to the lender of the principal balance and interest due.  
16 Foreclosure proceedings shall be held in abeyance in the  
17 interim.

18 (j) The lender may reduce the percentage of the principal  
19 balance guaranteed under this section at any time.

20 (k) The office shall adopt rules in accordance with  
21 chapter 91 to implement the home and community based services  
22 care home and long-term care home facility repair and renovation



1 loan guarantee program, including calculation of the reserve  
2 amount.

3 **§346-C Eligibility; application.** (a) Any owner of a home  
4 and community based services care home or long-term care home  
5 facility who intends to repair or renovate the home or facility  
6 and whose construction plans for repair and renovation have been  
7 approved by the director of health pursuant to section  
8 321- shall be deemed an eligible applicant who may apply for  
9 a loan guarantee to carry out the repair and renovation.

10 (b) An applicant for a loan guarantee shall submit an  
11 application to the office on a form to be provided by the  
12 office.

13 **§346-D Home and community based services care home and**  
14 **long-term care home facility repair and renovation loan**  
15 **guarantee revolving fund; restrictions; lien.** (a) There is  
16 created in the state treasury the home and community based  
17 services care home and long-term care home facility repair and  
18 renovation loan guarantee revolving fund to be administered by  
19 the office. The fund shall accept for deposit payments on  
20 loans, appropriations, and other moneys to implement the  
21 purposes of this part.



1 (b) Moneys from the fund shall be expended for loan  
2 guarantees for home and community based services care home and  
3 long-term care home facility repair and renovation subject to  
4 the following restrictions:

5 (1) The office may fix necessary charges or fees that may  
6 be related to each loan guarantee; and

7 (2) All loan guarantees shall be periodically reviewed to  
8 ensure compliance with this subsection.

9 (c) If the loan recipient defaults, the office may place a  
10 lien on the owner's property being repaired or renovated that is  
11 the subject of the loan guarantee."

12 SECTION 3. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$ or so  
14 much thereof as may be necessary for fiscal year 2008-2009 for  
15 deposit into the home and community based services care home and  
16 long-term care home facility repair and renovation loan  
17 guarantee revolving fund.

18 SECTION 4. There is appropriated out of the home and  
19 community based services care home and long-term care home  
20 facility repair and renovation loan guarantee revolving fund the  
21 sum of \$ or so much thereof as may be necessary for  
22 fiscal year 2008-2009 to be expended by the home and community





1 based services care home and long-term care home facility repair  
2 and renovation loan guarantee office for the purposes of this  
3 Act.

4 SECTION 5. In codifying the new sections added by section  
5 2 of this Act, the revisor of statutes shall substitute  
6 appropriate section numbers for the letters used in designating  
7 the new sections in this Act.

8 SECTION 6. New statutory material is underscored.

9 SECTION 7. This Act shall take effect on July 1, 2008.



**Report Title:**

DHS; Repair and Renovation Loan Guarantee Program

**Description:**

Creates a home and community based services care home and long-term care home facility repair and renovation loan guarantee office to administer a program to guarantee loans to owners of homes or facilities to be repaired or renovated; appropriates funds. (SD1)

