
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- Rural area teachers' home loan program
5 subaccount. (a) There is established within the teachers'
6 housing revolving fund, a rural area teachers' home loan program
7 subaccount, into which shall be deposited:

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

13 The department shall expend the moneys from the rural area
14 teachers' home loan program to provide interest-free home
15 purchase loans to qualified teachers.

16 (b) Loans made under this section shall be interest-free
17 and used by the qualified teacher exclusively for the purchase
18 of a home, including an apartment, townhouse, or condominium, in



1 the rural area in which the teacher is employed by the
2 department. In addition, loans made under this section shall
3 be:

4 (1) Repaid under a payment plan specified by the
5 department; provided that additional payments, in any
6 sum, or the payment of the entire principal, may be
7 made at any time within the period of the loan;

8 (2) Secured in a manner to be determined by the
9 department; and

10 (3) Subject to penalties for delinquency or late payments
11 as specified by the department as provided in
12 subsection (c).

13 (c) During the period of the loan, if at any time a person
14 receiving the loan fails to comply with the requirements
15 established in the definition of "qualified teacher" under this
16 section, the loan shall be considered forfeit and the principal
17 amount outstanding, plus penalties, shall become due and
18 payable. If the principal amount outstanding and penalties are
19 not remitted, the department may initiate foreclosure
20 proceedings on the home purchased through the proceeds from the
21 loan. This section shall not apply in cases where the qualified
22 teacher fails to comply with the requirements because of



1 circumstances beyond the qualified teacher's control, as
2 determined by the department.

3 (d) Loans provided under this section shall not exceed
4 \$ per qualified teacher. Each qualified teacher shall
5 receive no more than one loan under this section.

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

9 (f) For purposes of this section:

10 "Qualified rural area school" means a public or private
11 primary school, secondary or middle school, high school, college
12 preparatory school, or start-up charter school that:

13 (1) Has demonstrated difficulty in hiring and retaining
14 teachers, according to standards and criteria
15 specified by the department; and

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



1 "Qualified teacher" means a teacher working at least forty
 2 hours per week in a qualified rural area school who fulfills the
 3 eligibility requirements, if any, specified under subsection
 4 (e)."

5 SECTION 2. Section 302A-832, Hawaii Revised Statutes, is
 6 amended by amending subsection (a) to read as follows:

7 "~~§~~302A-832~~§~~ **Teachers' housing program;**
 8 **administration.** (a) The department shall administer the
 9 teachers' housing program under this subpart. The department
 10 shall:

- 11 (1) Administer the teachers' housing revolving fund under
- 12 section 302A-833;
- 13 (2) Administer the rural area teachers' home loan program
- 14 under section 302A- .
- 15 (3) Provide annual statements under section 302A-834;
- 16 ~~[(3)]~~ (4) Conduct annual reviews of units under section
- 17 302A-835; and
- 18 ~~[(4)]~~ (5) Perform any other duty necessary to effectuate
- 19 this subpart."

20 SECTION 3. There is appropriated out of the general
 21 revenues of the State of Hawaii the sum of \$ or so much
 22 thereof as may be necessary for fiscal year 2009-2010 and the

Report Title:

Loan Incentives; Rural Areas; Teachers

Description:

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

