
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:

9 (1) Students who complete a state-approved medical school
10 program at the University of Hawaii; or

11 (2) Graduates of a medical school who have received
12 medical training from a Hawaii-based medical program,
13 and who agree to practice in rural areas of the State, as

14 designated by the University of Hawaii. Loans shall be awarded
15 by the university to students on a competitive basis. The
16 amount to be loaned to a student shall be determined by the

17 board of regents based upon need for financial aid and proof of
18 acceptance into a state-approved medical school program at the

1 university. The maximum aggregate amount of loans that a
2 student may receive under this program shall be an amount
3 equivalent to tuition payments and costs of textbooks and other
4 instructional and laboratory materials necessary to complete a
5 state-approved medical school program.

6 **§304A-B Repayment of loans; late fees; rural area practice**

7 **and loan repayment waiver; collection agency.** (a) All loans
8 made under this subpart shall bear interest at five per cent
9 simple interest. Repayment of principal and interest shall
10 commence one year after graduation or three months after a loan
11 recipient ceases to:

12 (1) Be enrolled in a state-approved medical school program
13 at the university; or

14 (2) Receive medical training from a Hawaii-based medical
15 program, and

16 shall be paid in periodic installments within a six-year period.

17 (b) The university shall charge late fees and all other
18 reasonable costs for the collection of delinquent loans.

19 (c) Upon a showing of proof that the loan recipient has
20 completed a state-approved medical school program or has
21 received medical training from a Hawaii-based medical program
22 and is practicing as a medical doctor in a rural area of the

1 State, as designated by the university, one-tenth of the total
2 amount of the loan and interest shall be waived for every year
3 of the first five years, and the remaining balance shall be
4 waived after the sixth year that a loan recipient practices
5 medicine in a rural area of the state, as designated by the
6 University of Hawaii.

7 (d) Once a loan recipient subject to this section fails to
8 practice medicine in a rural area of the State, as designated by
9 the university, for a minimum of six consecutive years from the
10 loan recipient's original date of employment, excluding
11 temporary leaves of absence, then the university shall withdraw
12 its waiver of future repayments, and the loan recipient shall
13 repay any remaining loan balance at the rate of ten per cent
14 simple interest.

15 (e) In accordance with chapter 103D, the university shall
16 enter into written contracts with collection agencies for the
17 purpose of collecting delinquent student loans. All payments
18 collected, including late fees and all other reasonable costs,
19 exclusive of a collection agency's commissions, shall revert and
20 be credited to the Hawaii medical doctor loan program revolving
21 fund. A collection agency that enters into a written contract
22 with the university for the collection of delinquent student

1 loans, pursuant to this section, shall collect a commission from
2 the debtor in accordance with the terms of, and up to the
3 amounts authorized in, the written contract.

4 (f) Liability for repayment of a loan shall be canceled
5 upon the death or permanent total disability of the loan
6 recipient.

7 **§304A-C Capacity of minors in qualifying for Hawaii**
8 **medical doctor loans.** Any student otherwise qualifying for a
9 loan under the Hawaii medical doctor loan program shall not be
10 disqualified because the student is under the age of eighteen
11 years, and for the purpose of applying for, receiving, and
12 repaying the loan, the student shall be deemed to have full
13 legal capacity to act and shall have all rights, powers,
14 privileges, and obligations of an adult with respect thereto.

15 **§304A-D Rules governing Hawaii medical doctor loan**
16 **program.** The university may adopt rules to implement the Hawaii
17 medical doctor loan program. The rules shall be adopted
18 pursuant to chapter 91 but shall be exempt from the public
19 notice and public hearing requirements."

20 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
21 amended by adding a new section to part V to be appropriately
22 designated and to read as follows:

1 "§304A- Hawaii medical doctor loan program revolving
2 fund. There is established a revolving fund to be known as the
3 Hawaii medical doctor loan program revolving fund. The fund
4 shall be a revolving fund and all interest and payments received
5 on account of principal shall be credited to the fund. The fund
6 shall be administered by the board of regents and shall be
7 disbursed to qualified students who meet eligibility
8 requirements under section 304A-A pursuant to rules adopted by
9 the board."

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$1 so much thereof as
12 may be necessary for fiscal year 2009-2010 and the same sum or
13 so much thereof as may be necessary for fiscal year 2010-2011
14 for deposit into the Hawaii medical doctor loan program
15 revolving fund established by this Act.

16 SECTION 4. There is appropriated out of the Hawaii medical
17 doctor loan program revolving fund the sum of \$1 so much thereof
18 as may be necessary for fiscal year 2009-2010 and the same sum
19 or so much thereof as may be necessary for fiscal year 2010-2011
20 for the purposes of this Act.

21 The sums appropriated shall be expended by the University
22 of Hawaii for the purposes of this Act.

1 SECTION 5. In codifying the new subpart added to chapter
2 304A, Hawaii Revised Statutes, by section 1 of this Act, the
3 revisor of statutes shall substitute appropriate section numbers
4 for the letters used in designating the new sections in this
5 Act.

6 SECTION 6. This Act shall take effect on July 1, 2050.

Report Title:

University of Hawaii; Loan Repayments

Description:

Establishes the Hawaii medical doctor loan repayment program for University of Hawaii medical school graduates and medical school graduates with training from Hawaii based medical programs working in rural areas of the State. (SD2)