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S.B. NO. 694

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# 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  
3 the eligibility requirements, if any, specified under subsection  
4 (e)."

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

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

12        (1) Administer the teachers' housing revolving fund under  
13 section 302A-833;

14        (2) Administer the rural area teachers' home loan program  
15 under section 302A- ;

16        ~~[(+2)]~~ (3) Provide annual statements under section 302A-834;

17        ~~[(+3)]~~ (4) Conduct annual reviews of units under section  
18 302A-835; and

19        ~~[(+4)]~~ (5) Perform any other duty necessary to effectuate  
20 this subpart.

21        (b) The department may adopt rules pursuant to chapter 91  
22 to effectuate this subpart."



1 SECTION 3. There is appropriated out of the general  
 2 revenues of the State of Hawaii the sum of \$ or so  
 3 much thereof as may be necessary for fiscal year 2011-2012 and  
 4 the same sum or so much thereof as may be necessary for fiscal  
 5 year 2012-2013 to be deposited into the rural area teachers loan  
 6 program subaccount of the teachers' housing revolving fund.

7 SECTION 4. There is appropriated out of the rural area  
 8 teachers' house loan program subaccount of the teachers' housing  
 9 revolving fund the sum of \$ or so much thereof as may  
 10 be necessary for fiscal year 2011-2012 and the same sum or so  
 11 much thereof as may be necessary for fiscal year 2012-2013 for  
 12 the purposes of this fund.

13 The sums appropriated shall be expended by the department  
 14 of education for the purposes of this Act.

15 SECTION 5. Statutory material to be repealed is bracketed  
 16 and stricken. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 2011.

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INTRODUCED BY:

*[Handwritten signatures and names]*  
 Michelle Kikani  
 Malama  
 Milani Kabele



**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.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

