

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

**TEACHER MORTGAGE LOAN PROGRAM**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lynn N. Hemingway**

Senate Sponsor: \_\_\_\_\_

---

---

**LONG TITLE**

**General Description:**

This bill creates a loan program for teachers.

**Highlighted Provisions:**

This bill:

- ▶ creates a loan program for teachers;
- ▶ establishes program funding requirements; and
- ▶ requires the State Board of Education to adopt administrative rules to implement the program.

**Monies Appropriated in this Bill:**

This bill appropriates:

- ▶ as an ongoing appropriation subject to future budget constraints, \$1,500,000 from the General Fund for fiscal year 2009-10 to the State Board of Education.

**Other Special Clauses:**

This bill takes effect on July 1, 2009.

**Utah Code Sections Affected:**

ENACTS:

**53A-1a-1101**, Utah Code Annotated 1953

---

---

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **53A-1a-1101** is enacted to read:



Part 11. Teacher Loan Program

53A-1a-1101. Teacher Loan Program.

(1) There is created the Teacher Loan Program, to be administered by the State Board of Education.

(2) The State Board of Education shall:

(a) subject to the availability of funding for the loan program from appropriations and loan principal and interest repayments, award available loan funds to individual teachers who:

(i) teach full time in a school district or charter school within the state;

(ii) have obtained a teaching license for the first time within the prior five years;

(iii) except as provided in Subsection (4), have not previously received a program loan; and

(iv) demonstrate a desire to pursue a teaching career and purchase a home within the state;

(b) provide a program loan of \$15,000 to a selected loan recipient, to be used for the purchase of the loan recipient's primary residence;

(c) require a loan recipient to make interest payments at least annually on the outstanding loan balance, at a fixed interest rate equal to the state treasurer's Utah Public Treasurers Investment Fund interest rate for the January prior to loan issuance, rounded to the nearest tenth of a percent;

(d) forgive:

(i) \$5,000 of the loan principal if the teacher teaches in a school district or charter school for five consecutive years following receipt of the loan; and

(ii) the remaining amount of the loan principal if the teacher teaches in a school district or charter school for ten consecutive years following receipt of the loan;

(e) require a loan recipient who:

(i) does not teach in a school district or charter school for five consecutive years after receiving the loan to repay the entire \$15,000 in loan principal, in addition to loan interest payments, over a period not to exceed five years after discontinuing teaching in a school district or charter school; or

(ii) teaches in a school district or charter school for more than five consecutive years but less than ten consecutive years to repay the portion of the loan principal remaining after the

59 forgiveness under Subsection (2)(d), in addition to loan interest payments, over a period not to  
60 exceed five years after discontinuing teaching in a school district or charter school;

61 (f) allow a principal prepayment at any time; and

62 (g) allocate repayment, interest, and appropriation funds for new loans.

63 (3) The consecutive years of teaching requirements of this section are based on the  
64 time period a teacher teaches in any school district or charter school or combination of school  
65 districts or charter schools in the state during the relevant time period.

66 (4) The State Board of Education may award one additional loan to a loan recipient  
67 who:

68 (a) sold the primary residence that served as collateral for the program loan within ten  
69 years of receiving the loan;

70 (b) repaid the loan principal and outstanding interest in full upon sale of the home; and

71 (c) continues to meet the other eligibility requirements of this section.

72 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
73 Board of Education shall make rules to:

74 (a) establish loan recipient selection criteria, including credit worthiness; and

75 (b) establish procedures for application, loan funding, and repayment, which shall  
76 include procedures to:

77 (i) secure the program loan with the primary residence of the loan recipient as  
78 collateral; and

79 (ii) require full repayment of the outstanding loan principal and interest if and when the  
80 primary residence is sold within ten years of loan issuance.

81 (6) If appropriations and loan principal and interest repayment funds are insufficient to  
82 cover the costs associated with the Teacher Loan Program for all eligible applicants, the State  
83 Board of Education shall:

84 (a) limit the number of loans authorized to correspond to the amount of available  
85 funds; and

86 (b) select loan recipients using the criteria established pursuant to Subsection (5)(a).

87 **Section 2. Appropriation.**

88 As an ongoing appropriation subject to future budget constraints, there is appropriated  
89 from the General Fund for fiscal year 2009-10, \$1,500,000 to the State Board of Education to

90 fund the Teacher Loan Program established in Section 53A-1a-1101.

91 Section 3. **Effective date.**

92 This bill takes effect on July 1, 2009.

---

---

**Legislative Review Note**  
**as of 12-2-08 2:41 PM**

**Office of Legislative Research and General Counsel**

---

---

**H.B. 82 - Teacher Mortgage Loan Program**

**Fiscal Note**

2009 General Session  
State of Utah

---

---

**State Impact**

Enactment of this bill will appropriate \$1,500,000 from the General Fund to the State Board of Education to implement and administer the Teacher Mortgage Loan Program. It is assumed that any administrative costs are included in the appropriation.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
General Fund	\$0	\$1,500,000	\$1,500,000	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

---

---

**Individual, Business and/or Local Impact**

This bill would help individual teachers who participate in the Teacher Mortgage Loan Program to purchase a home.