

ACT 8

A Bill for an Act Relating to Horizontal Property Regimes and Amending Act 180, Session Laws of Hawaii 1961, as Amended.

Be it Enacted by the Legislature of the State of Hawaii:

SECTION 1. This Act is hereby declared to be an urgency [sic] deemed necessary in the public interest within the meaning of section 11 of Article III of the Constitution of the State of Hawaii.

The following is a statement of facts constituting such urgency:

Section 13 of Act 180, Session Laws of Hawaii 1961, as amended by Act 101, Session Laws of Hawaii 1963, prevents the conveyance or lease of any condominium apartment until the completion of the construction of the condominium apartment. Such restriction on conveyance or lease of condominium apartment units to individual purchasers impedes the development of condominium apartments and stifles the economic growth of the State.

SECTION 2. Section 13 of Act 180, Session Laws of Hawaii 1961, as amended by Act 101, Session Laws of Hawaii 1963, is hereby further

amended by deleting the second sentence thereof in its entirety and substituting therefor the following:

“If such plans do not include a verified statement by such architect or engineer that such plans fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built, there shall be recorded within thirty (30) days from the date of completion of the building or buildings as ‘date of completion’ is defined in Section 193-42 of the Revised Laws of Hawaii 1955, or from the date of occupancy of said building or buildings, whichever shall first occur, an amendment to the declaration to which shall be attached a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed, or being filed simultaneously with such amendment, fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built.”

SECTION 3. Act 180, Session Laws of Hawaii 1961, is hereby further amended by adding a new section to be appropriately numbered and to read as follows:

“**Section Financing Construction.** Should the apartments be conveyed or leased prior to the completion of construction of the building or buildings for the purpose of financing such construction, all moneys from the sale of such apartments, including any payments made on loan commitments from lending institutions, shall be deposited by the developer in a trust fund with a bank, savings and loan association or trust company authorized to do business in the State under an escrow arrangement. Disbursements from such fund may be made, from time to time, to pay for construction costs of the building or buildings in proportion to the valuation of the work completed by the contractor as certified by a registered architect or professional engineer, and for architectural, engineering, finance and legal fees and for other incidental expenses of the condominium project as approved by the mortgagee. The balance of the moneys remaining in such trust fund shall be disbursed only upon completion of the building or buildings, free and clear of all mechanic’s and materialman’s liens. The commission may impose other restrictions relative to the retention and disbursement of the trust fund.”

SECTION 4. This Act shall take effect upon its approval.

(Approved April 15, 1964.) **H.B. 378.**
