

ACT 140

H.B. NO. 1987-78

A Bill for an Act Relating to Residential Leasehold.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 516-1, Hawaii Revised Statutes, is amended by amending the definition of “lease” to read as follows:

“(5) “Lease” means a conveyance of land or an interest in land, by a fee simple owner as lessor, or by a lessee or sublessee as sublessor, to any person, in consideration of a return of rent or other recompense, for a term, measured from the initial date of the conveyance, (A) [exceeding thirty-five years] thirty-five years or more (including any periods for which the lease may be extended or renewed at the option of the lessee)

as to existing leases and in force on June 24, 1967, or (B) [exceeding twenty years] twenty years or more (including any periods for which the lease may be extended or renewed at the option of the lessee) as to leases executed after June 24, 1967.”

SECTION 2. Section 516-33, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 516-33 Qualification for purchase.** Except as otherwise provided under section 516-28, no sale of any residential house/lot within a development tract shall be made to any person unless he meets the following requirements:

- (1) Is at least eighteen years of age;
- (2) Is a bona fide resident of the State or [and] has a bona fide intent to reside in the development tract if successful in purchasing the lot;
- (3) Is a bona fide owner of a residential structure situated on the leased lot applied for;
- (4) Has a letter of credit, certificate of deposit, proof of funds, or approved application from any lending institution demonstrating that he will be able to promptly pay the authority for the leased fee interest in the lot;
- (5) Submits an application in good faith [accompanied by a deposit to be established by the authority, not to exceed \$500, as earnest money to be applied to the purchase price;] in such form as is acceptable to the authority;
- (6) Executes a contract for purchase of the fee interest in such form as is acceptable to the authority; and
- (7) Does not own in fee simple lands suitable for residential purposes within the county and in or reasonably near the place of business of such person or has or have pending before the Hawaii housing authority an unrefused application to lease or purchase a lot in a development tract. A person is deemed to own lands herein if he, his spouse, or both he and his spouse (unless separated and living apart under a decree of a court of competent jurisdiction) own lands.

In the event of a wilful breach of contract of a lessee to purchase the leased fee interest, the authority may sell or assign its interest without respect to the requirements of this section.

The authority may require additional testimony or evidence under oath in connection with any application. The determination by the authority of any applicant's eligibility under this part shall be conclusive as to all persons thereafter dealing with the property; provided that the making of any false statement knowingly by applicants or other person in connection with any application shall constitute perjury and be punishable as such. The authority shall adopt rules [and regulations] pursuant to chapter 91 to effectuate the purposes of this section.”

SECTION 3. Chapter 516, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**Sec. 516- Deposits by lessees.** (a) The authority may require the submission of a deposit by any lessee applying to the authority for the purchase of a

residential lot under this chapter. The amount of the deposit, not to exceed \$500 shall be established by rule.

(b) No deposit shall be required to be made more than 180 days prior to the date estimated by the authority for condemnation of the development tract.

The deposit may be applied by the authority, after the acquisition of all or part of the development tract or the institution of eminent domain proceedings, to payment of appraisal, survey, and attorney fees the authority has incurred as a result of the designation, with the remainder of the deposit to be applied toward the purchase of the owner's fee interest."

SECTION 4. Statutory material to be repealed is bracketed. New material is underscored. In printing this Act, the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.

SECTION 5. This Act shall take effect upon its approval.

(Approved May 30, 1978.)