

A Bill for an Act Relating to Cooperative Housing Corporations.

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

SECTION 1. Purpose. Section 519-3, Hawaii Revised Statutes, provides specific guidelines for renegotiation of lease rent terms for all leases executed by a cooperative housing corporation as lessee. However, the language in section 519-3(a), Hawaii Revised Statutes, seems to apply only to cooperative housing corporations that are lessees. It is unclear whether cooperative housing corporations which are sublessees are included in this section. This Act is intended to protect all cooperative housing corporations involved in obtaining leases or subleases by way of assignments, by establishing specific procedures for renegotiation of those contracts and specific limits on the maximum renegotiated rental amounts.

SECTION 2. Section 519-3(a), Hawaii Revised Statutes, is amended to read as follow:

“§519-3¹ Leases of real property by a cooperative housing corporation. (a) All leases, including subleases executed by a cooperative housing corporation as lessee, and all leases, including subleases acquired by a cooperative housing corporation by assignment, whether executed prior to or after [[June 12, 1982,]]which directly or by incorporation provide for reopening of the contract for renegotiation of lease rent terms, shall provide or be construed in conformity with the following:

- (1) Such renegotiations shall not be scheduled more frequently than once every ten years; provided that the first of such reopenings shall not be scheduled prior to the fifteenth year following the initial date of the lease; and
- (2) Upon renegotiation, the lease rent payable by a cooperative housing corporation as lessee, sublessee, or assignee shall not exceed the amount derived by multiplying the “owner’s basis” by the original percentage rate.”

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.

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

(Approved June 2, 1983.)

Note

1. Brackets missing.