
A BILL FOR AN ACT

RELATING TO OWNER-BUILDERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 444-2.5, Hawaii Revised Statutes, is
2 amended by amending subsections (b) and (c) to read as follows:

3 " (b) Proof of the sale or lease, or offering for sale or
4 lease, of the structure [~~not more than~~] within one year after
5 completion [~~, unless the sale or lease was caused by an eligible~~
6 ~~unforeseen hardship as determined by the board pursuant to~~
7 ~~subsection (c),~~] shall be prima facie evidence that the . . .
8 construction or improvement of the structure was undertaken for
9 the purpose of sale or lease; provided that this subsection
10 shall not apply to:

11 (1) Residential properties sold or leased to employees of
12 the owner or lessee; [~~or~~]

13 (2) Construction or improvements performed pursuant to an
14 approved building permit where the estimated valuation
15 of work to be performed, as reflected in the building
16 permit, is less than \$10,000 [~~-~~]; or



1 (3) Any sale or lease caused by an eligible unforeseen
2 hardship as determined by the board pursuant to
3 subsection (c).

4 (c) The board shall determine the eligibility of an
5 unforeseen hardship claimed by an owner under subsection (b);
6 provided that an alleged unforeseen hardship shall not be deemed
7 eligible if the board determines that the construction or
8 improvement of the structure was undertaken for the purpose of
9 sale or lease. An owner seeking a determination of eligibility
10 of an unforeseen hardship shall:

11 (1) Be in compliance with the requirements set forth in
12 the disclosure statement required to be provided under
13 section 444-9.1; and

14 (2) [~~Apply in writing~~] Submit a written application to the
15 board at any time prior to selling, leasing, or
16 offering to sell or lease the property[-] describing
17 the nature of the applicant's unforeseen hardship and
18 documentation detailing the hardship, including but
19 not limited to:

20 (A) Evidence of receipt of unemployment compensation;

21 (B) Tax returns;

22 (C) Medical records;



- 1 (D) Bank statements;
- 2 (E) Divorce decrees ordering sale of property;
- 3 (F) Mortgage default letters; or
- 4 (G) Bankruptcy filings.

5 The board shall communicate its determination to the owner in
6 writing within ninety days of receiving a completed application
7 under this subsection. An exemption for an unforeseen hardship
8 shall not be denied solely because an application is
9 incomplete."

10 SECTION 2. Statutory material to be repealed is bracketed
11 and stricken. New statutory material is underscored.

12 SECTION 3. This Act shall take effect July 1, 2011.

13



Report Title:

Contractors; Owner-Builders

Description:

Clarifies that an owner with an open permit may be exempt, upon a showing of hardship, from the prohibition on sale of lease of a property constructed or improved under an owner-builder exemption within one year of the construction or improvement.
(SD1)

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