

JAN 23 2008

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# A BILL FOR AN ACT

RELATING TO LEASE TO FEE CONVERSION.

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

1           SECTION 1. Section 514C-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           " ~~[+]§514C-2[+]~~ Right of first refusal. ~~[When the leased~~  
4 ~~fee interest in land under a condominium project or cooperative~~  
5 ~~project or any part thereof is to be sold to]~~ When a lessor has  
6 displayed an objective intent to sell, or has accepted a written  
7 offer to purchase prior to or within two years after the  
8 termination of the lease with any party other than the  
9 association of owners or the cooperative housing corporation,  
10 the seller shall first provide the board of directors of the  
11 association of owners or the cooperative housing corporation  
12 with written notice delivered or mailed by registered or  
13 certified mail, return receipt requested, postage prepaid, to  
14 any two of the president, vice-president, or managing agent (if  
15 any), of its intent to sell that interest, together with a  
16 complete and correct copy of the purchaser's written offer,  
17 which offer shall contain the full and complete terms thereof.



1 The association of apartment owners or cooperative housing  
2 corporation shall have a right of first refusal to purchase that  
3 leased fee interest for the same price as is contained in the  
4 written purchase offer."

5 SECTION 2. Section 514C-5, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "§514C-5 Offer to other prospective purchasers; time  
8 limit. No lessor who has displayed an objective intent to sell,  
9 or who has accepted a written offer to purchase prior to or  
10 within two years after the termination of the lease shall sell  
11 the leased fee interest in any land under a condominium project  
12 or cooperative project containing one or more residential units  
13 or any part thereof to any party other than the association of  
14 apartment owners or cooperative housing corporation for that  
15 project until a right of first refusal for the purchase of that  
16 interest has been offered as required by this part and has been  
17 rejected in writing by the board of directors, except in the  
18 case of sales to individual condominium unit lessees or  
19 cooperative unit lessees, which shall be subject to the  
20 requirements of section 514C-6.5; provided that an offer made  
21 pursuant to sections 514C-2, 514C-3, and 514C-6.5 shall be  
22 deemed to be rejected if not accepted in writing by the board of



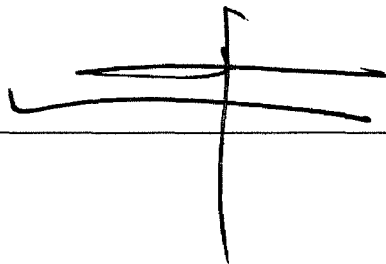
1 directors of the condominium project or the cooperative housing  
2 corporation within one hundred twenty days of its receipt of the  
3 written notice from the seller, as evidenced by the return  
4 receipts, or if the sale, through no fault of the seller, has  
5 not closed upon the purchase of one hundred per cent of the  
6 interest being sold within one hundred eighty days of receipt by  
7 the board of directors of such written notice, as evidenced by  
8 the return receipts. In the event that closing is delayed due  
9 to any fault of the seller, the deadline for closing shall be  
10 extended for a period of time equal to the delay caused by  
11 [†]the[†] seller."

12 SECTION 3. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

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

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INTRODUCED BY:



A handwritten signature is written over a horizontal line. The signature consists of a vertical line intersected by two horizontal lines, with a small hook at the end of the top horizontal line.



**Report Title:**

Leasehold Land; Termination of Rights

**Description:**

Grants lessees a right of first refusal contingent upon a lessor displaying an objective intent to sell or its acceptance of an offer to purchase.

