



**GOV. MSG. NO. 1104**

EXECUTIVE CHAMBERS  
HONOLULU

NEIL ABERCROMBIE  
GOVERNOR

April 1, 2014

The Honorable Donna Mercado Kim,  
President  
and Members of the Senate  
Twenty-Seventh State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

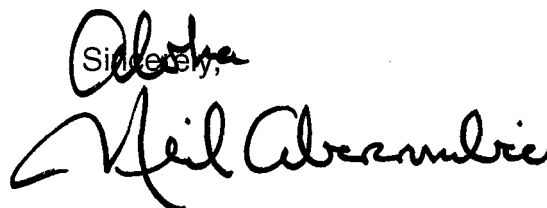
The Honorable Joseph M. Souki,  
Speaker and Members of the  
House of Representatives  
Twenty-Seventh State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on April 1, 2014, the following bill was signed into law:

HB2585

RELATING TO FORECLOSURES  
**ACT 004 (14)**

Sincerely,  


NEIL ABERCROMBIE  
Governor, State of Hawaii

JN 100-1 5107

Neil Abercrombie

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THE SENATE  
CLERK'S OFFICE  
STATE OF HAWAII

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## A BILL FOR AN ACT

RELATING TO FORECLOSURES.

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

1 SECTION 1. Section 667-92, Hawaii Revised Statutes, is  
2 amended by amending subsection (f) to read as follows:

3 "(f) If the association is unable to serve the notice of  
4 default and intention to foreclose on the unit owner or any  
5 other party listed in subsection (e)(2) to (5) within sixty  
6 days, the association may:

7 (1) File a special proceeding in the circuit court of the  
8 circuit in which the unit is located, for permission  
9 to proceed with a nonjudicial foreclosure by serving  
10 the unit owner ~~[only]~~ or any other party listed in  
11 subsection (e)(2) and (e)(5) by publication and  
12 posting;

13 (2) Proceed with a nonjudicial foreclosure of the unit;  
14 provided that if the association proceeds without the  
15 permission of the court, the association shall not be  
16 entitled to obtain a deficiency judgment against the  
17 unit owner, and the unit owner shall have one year  
18 from the date the association records the deed in the



1 nonjudicial foreclosure to redeem the unit by paying  
2 the unit owner's delinquency to the association; or  
3 (3) Take control of the unit if the unit is unoccupied,  
4 after giving notice to the unit owner at the unit  
5 owner's last known address as shown on the records of  
6 the association or as determined by the association as  
7 part of its due diligence to serve notice to the  
8 owner. The association's authority to take control of  
9 the unit pursuant to this paragraph shall be exercised  
10 solely for the purpose of renting the unit to generate  
11 rental income to pay the unit owner's delinquency, and  
12 the association shall acquire no legal title to the  
13 unit. In addition, the association shall credit the  
14 net rental proceeds generated from the rental of the  
15 unit to the owner's delinquency. For purposes of this  
16 paragraph, "net rental proceeds" means the rental  
17 proceeds remaining each month after deducting:  
18 (A) The unit's regular monthly assessments that come  
19 due while the association controls the unit  
20 pursuant to this subsection;  
21 (B) Any rental agent commissions; and



1 (C) Expenses incurred by the association in  
2 maintaining the unit in rentable condition.


3 If the unit owner pays the full amount of the unit  
4 owner's delinquency to the association, the  
5 association shall return control of the unit to the  
6 unit owner; provided that the full amount of the unit  
7 owner's delinquency shall be calculated by deducting  
8 the total net rental proceeds collected by the  
9 association, if any, from the unit owner's  
10 delinquency."

11 SECTION 2. This Act does not affect rights and duties that  
12 matured, penalties that were incurred, and proceedings that were  
13 begun before its effective date.

14 SECTION 3. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

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

17 INTRODUCED BY: \_\_\_\_\_

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JAN 23 2014



H.B. NO. 2585

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APPROVED this 1 day of APR, 2014

*Neil Abernethy*

GOVERNOR OF THE STATE OF HAWAII