

A Bill for an Act Relating to the Fee Simple Residential Revolving Fund.

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

SECTION 1. The purpose of this Act is to amend sections 516-30, 516-33.5, and 516-44, Hawaii Revised Statutes, to require participating lessees to reimburse the fee simple residential revolving fund for direct costs only and to clarify that lessees' deposits collected under chapter 516, Hawaii Revised Statutes, are placed into individual interest bearing accounts and not into the fee simple residential revolving fund. Indirect costs incurred through the administration of the land reform program will be absorbed by the fund.

SECTION 2. Section 516-30, Hawaii Revised Statutes, is amended to read as follows:

“§516-30 Purchase of leased fee interest. The lessee of a residential lot within a development tract, whether the lessee was a lessee at the time of the acquisition or became a lessee after the acquisition of the development tract, who has applied to the corporation and has qualified for purchase of the leased fee interest shall purchase from the housing and community development corporation of Hawaii by contract within sixty days of acquisition of the interest by the corporation, the leased fee interest to the lot, subject to the terms, covenants, and conditions of the contract executed with the corporation; provided that the lessee is not then in default in the performance of the lessee's obligations under the lease; and further provided that should any of [said] the lessees fail or refuse to enter into such a contract, then in such event, each such lessee shall pay to the corporation the lessee's pro rata share of all direct costs incurred by the corporation in the acquisition of the houselots within the development tract including but not limited to appraisal costs, costs of publication, and survey, and the corporation is [hereby] authorized to take whatever action it deems necessary to collect such costs; and provided further that in case of a wilful breach of the purchase agreement the corporation shall be entitled to any available remedy, including the sale of its interest in the houselot; and further provided that the sales price shall be at the lowest possible price consistent with section 516-32 and the purpose of this chapter.”

SECTION 3. Section 516-33.5, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The corporation may require the submission of a deposit by any lessee applying to the corporation for the purchase of a residential lot under this chapter. The amount of the deposit shall be established by rule. All interests earned on deposits submitted by lessees shall accrue to the lessees.”

SECTION 4. Section 516-44, Hawaii Revised Statutes, is amended to read as follows:

“§516-44 Fee simple residential revolving fund. A fee simple residential revolving fund is [hereby] created. The funds appropriated for the purposes of this chapter and chapter 519 and all moneys received or collected by the housing and community development corporation of Hawaii under this chapter and chapter 519 shall be deposited in the revolving fund. Moneys collected to reimburse the corporation from the lessees for their prorata share of the direct costs incurred by the corporation under this chapter shall be deposited into the revolving fund. The

proceeds in the funds shall first be used to pay the principal and interest on bonds or other indebtedness issued by the corporation, or by the State, and then for necessary expenses, including indirect costs of the corporation in administering chapters 516 and 519. ~~[All interest earned on moneys deposited by lessees into this revolving fund shall accrue to the lessees.]~~

Moneys in the fund shall be used to pay all costs of chapters 516 and 519 including administration.”

SECTION 5. Statutory material to be repealed is bracketed and ~~stricken~~. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval.

(Approved April 26, 2001.)