DEPARTMENT OF HAWAIIAN HOME LANDS

<u>**Pu'ukapu (Kuhio Village) Residential Vacant Lot**</u>
<u>**Frequently Asked Questions**</u>

1. <u>**What type of lot awards are being offered?**</u>
   This offer consists of one (1) residential vacant lot. A vacant lot option offers the selectee the ability to select the type, size and price of a home. It provides flexibility and affordability to the selectee.

2. <u>**What are the requirements for the vacant lot offer?**</u>
   The selectee will be ***required*** to attend the DHHL vacant lot workshop to review the vacant lot process prior to signing the Vacant Lot Reservation form.

3. <u>**For the owner builder option, can I build the home myself or do I need to hire a contractor?**</u>
   It is your decision who you choose to build your home, however you must fulfill the building requirements set by the City & County of Hawaii. While a general contractor is not required, all electrical and plumbing must be done by a licensed professional. ***<u>Bonding is also required.</u>***

4. <u>**Are there other requirements for the owner builder option?**</u>
   After lot selection, you will be solely responsible for managing the entire owner builder process from contracting the builder, obtaining building permits, connecting water lines, etc. to final loan approval. In an owner builder situation, the department will not provide any assistance to you and your selected vendors as the contract is between yourself and your vendors. For example, if you encounter a problem with your contractor, plumber, electrician, etc., you will need to resolve those issues directly with your vendor. The department will not get involved. However, the department will provide an Awards Case Management Specialist who will monitor the progress of your buildout to ensure you are on track to meet the terms and conditions of the Lot Reservation Form and within the provided timeline.

5. <u>**How soon do I need to occupy my lot?**</u>
   Pursuant to Section 208 of the Hawaiian Homes Commission Act, "The lessee may be required to occupy…within one year after the commencement of the term of the lease."

6. <u>**What are the financing options for vacant lots?**</u>
   The vacant lot/owner builder program requires a construction loan, so you will need to explore construction loan options with the lender of your choice.

7. <u>**What if I have cash available and am ready to build?**</u>
   If you have cash funds and you are ready to proceed as an owner builder you may do so, however the department will require proof of available cash funds equal or greater than total cost of project. The terms and conditions of Question 4 still apply to cash transactions. ***<u>Bonding is also a requirement in cash transactions.</u>***

8. <u>**What happens if I cannot meet the terms and conditions of the Lot Reservation Form?**</u>
   If you are unable to meet the terms and conditions of the Lot Reservation Form, it will be considered a default of the agreement and the department can take steps toward cancellation of the Lot Reservation Form. You will remain on the Waimea Area or Hawaii Islandwide Residential waitlist and may be eligible for future offers.

All information provided is subject to change.

§10-3-23 Awards to previous lessees, when.

No award of a residence lot lease shall be made to an applicant who at the time of application has previously been a lessee of a Hawaiian home lands residence lot; or who at the time of consideration for award had become a lessee of a Hawaiian home lands residence lot through transfer or successorship; provided, that exceptions to this limitation may be made in the following conditions: (1) Award of a residence lot lease to an applicant who had been a lessee may be made if the department determines that the transfer or surrender of the previous lease was made under compelling circumstances and that denial of award of another residence lot lease would be unreasonably unfair to the applicant. (2) Transfer of a residence lot lease through successorship may be made to an otherwise qualified designated successor who had been a lessee if at the time of the designation the former lessee had already transferred or 3-12 §10-3-23 surrendered the lease and if the designation was filed with and approved by the department. (3) Award of a residence lot lease may be made to a present lessee of a residence lot if the department determines an emergency situation as follows: (A) Due to circumstances beyond the control of and not caused by the lessee, the lessee's health, safety, and welfare are endangered by continued occupancy of the premises, or the further rehabilitation of the lessee is highly improbable without relocation to another residence lot; (B) The lessee has agreed to surrender the present lease and has waived all rights to the appraisal value of all improvements on the presently leased residence lot; (C) The lessee has agreed and is financially able to pay all expenses for the move to the residence lot to be leased; (D) The lessee is financially able to assume: (i) The indebtedness outstanding against the residence lot to be leased; or (ii) The indebtedness that must be incurred to enable the lessee to occupy the residence lot within one year after the lease is awarded; or (E) The circumstances of the present lessee indicate sufficient need for relocation to justify the department's withholding of the residence lot to be leased from availability to qualified applicants, if any, for leases in that area and the department's awarding of a lease of that residence lot to the relocating lessee. (4) Exceptions to this limitation shall be made only after notice of the department's 3-13 §10-3-24 consideration of such action has been given through the posting of the agenda and after full disclosure of the material facts has been made in a public meeting. [Eff 7/30/81; comp 10/26/98] (Auth: HHC Act §222) (Imp: HHC Act §207)