

## INFORMATION FOR OWNERS OF RENTAL PROPERTY

**What are my options?** Property owners have some options when renting or leasing their property in Hawaii:

- ✓ Self-manage the property
- ✓ Employ a custodian or caretaker, or
- ✓ Hire a licensed real estate professional



**Self-Manage the Property:** In the State of Hawaii, a real estate license is required to sell, buy, lease, and manage real property. The law provides an exception for individuals, and an individual *can* sell, buy, lease, and manage his/her own property without a real estate license.

If you decide to self-manage your property, you will need to be familiar with, and comply with, all applicable Hawaii laws. For example, under Hawaii's Residential Landlord-Tenant Code, if you offer to rent your property and live off-island, you'll need to find an on-island agent to act on your behalf. The on-island agent doesn't have to be a licensed real estate professional, unless he/she is involved in real estate activities, like renting or offering to rent the property.

If you're off-island, you'll also need to designate a local contact who resides on the same island as the transient accommodation. The local contact may be an individual or an entity with a principal place of business on the same island as the property. Because they are on the same island as the transient accommodation, the local contact may be able to assist with issues which may arise relevant to the transient accommodation. The on-island local contact doesn't have to be a licensed real estate professional, unless he/she is also involved in real estate activities, like renting or offering to rent the property.

**Employ a Custodian or Caretaker:** As an alternative, a property owner can hire a custodian or caretaker to manage or care for his/her property(ies). A "custodian" or "caretaker" doesn't need a real estate license, but must be *employed* by the owner, and can only work as a custodian or caretaker for a single owner. A custodian or caretaker can **act as your on-island agent and/or the local contact, if one is required.**

**Hire a Licensed Real Estate Professional:** If vetting tenants and collecting rent isn't for you, you should consider hiring a licensed real estate broker or salesperson. Although a licensed real estate professional will charge for services, here are some things to consider:

- Familiarity with Hawaii's laws & rules - Licensed real estate professionals are familiar with the various laws and rules that relate to managing real property in this State, including Hawaii's Landlord Tenant Code, state tax reporting requirements for transient accommodation operators, and Hawaii's fair housing laws.
- Experience - Sometimes there's no substitute for experience. Marketing the rental, collecting rent, handling maintenance and repair issues, responding to tenant inquiries and complaints, and handling evictions, are all part of the property management process. Getting help from a professional may save time, money, and headaches, in the end.
- Manage geographically distant properties - Because of Hawaii's unique geography, property owners who rent and lease property have additional obligations under Hawaii law. A licensed real estate professional can act as both your on-island agent and your local contact, if one is required.

### **What to look for:**

Who should you hire? To start, you may want to (1) get referrals, (2) ask to speak with other, current clients, and (3) ask to see a sample property management agreement.

Be sure to check licensing and prior complaint history with the Regulated Industries Complaints Office.

## **DO I HAVE TO HIRE A LICENSED CONTRACTOR TO MAKE REPAIRS?**

Yes. A contractor's license is required for any project valued at over \$1,500 for labor and materials, and, regardless of cost, whenever a building permit is required.

An electrician's license is required for electrical work. A plumber's license is required to perform plumbing work.

If you have questions about whether you need to hire a licensed contractor, a licensed electrician, or a licensed plumber, call the Contractor's License Board at **(808) 586-2700** or the Board of Electricians and Plumbers at **(808) 586-2698**.

## **CAN I HIRE A "HANDYMAN"?**

If the total cost of your project, including labor and materials, is less than \$1,500, and doesn't require a building permit, you can hire a handyman. "Handymen" usually perform minor repairs and projects that are typically described as "**odd jobs**" or "**fix-up tasks**."

**Note:** The so-called "handyman exemption" does not apply to electrical or plumbing work!

## **WHAT DO YOU NEED TO KNOW?**

**Hawaii's Residential Landlord-Tenant Code.** Hawaii's Residential Landlord-Tenant Code covers the rights and obligations of landlords and tenants who rent on a month-to-month, week-to-week, or other term lease basis. A property owner who rents or leases his/her own property *must* comply with all applicable laws.

**Housing discrimination in Hawaii.** Hawaii law prohibits, among other things, discrimination when renting or leasing property. Protected categories include race, sex, disability, familial status, religion, color, ancestry/national origin, age, marital status, and HIV infection.

**State and county tax laws.** Property owners must also comply with applicable state and county tax laws, including Hawaii's Transient Accommodations Tax law.

**What should I do?** To start, read and review Chapters 237, 467, 515, and 521 of the Hawaii Revised Statutes (and their related rules). A link to some of the Hawaii Revised Statutes can be found at **[cca.hawaii.gov/reb](http://cca.hawaii.gov/reb)**.

For questions about when a real estate license may be required, contact the Hawaii Real Estate Commission's Real Estate Branch at **(808) 586-2643**. Publications like "Working with a Real Estate Broker" and links to Department of Tax bulletins and more are available at **[cca.hawaii.gov/reb](http://cca.hawaii.gov/reb)**.

To report unlicensed real estate activity, call the Regulated Industries Complaints Office's Consumer Resource Center at **(808) 587-4272**, or visit the RICO website at **[cca.hawaii.gov/rico](http://cca.hawaii.gov/rico)**.

To check licensing status or for information about hiring a licensed professional, call **(808) 587-4272**, or visit the RICO website at **[cca.hawaii.gov/rico](http://cca.hawaii.gov/rico)**.

To obtain a copy of the Office of Consumer Protection's Handbook for the Hawaii Residential Landlord-Tenant Code, contact the Office of Consumer Protection at **(808) 586-2634**, or download it online at **[cca.hawaii.gov/ocp](http://cca.hawaii.gov/ocp)**.

To call Oahu-RICO, dial the following toll free numbers: Kauai 274-3141, extension 74272; Maui 984-2400, extension 74272; Big Island 974-4000, extension 74272; Molokai & Lanai 1-800-468-4644, extension 74272, followed by the # sign. (Example: To call the Real Estate Branch from Kauai, dial 274-3141, then 62643, then #.)

Go to: **[cca.hawaii.gov/businesscheck](http://cca.hawaii.gov/businesscheck)**. Checking out a licensee or business on these sites isn't a guarantee, but it's a good step to take that can help you to determine if the licensee or business is qualified to handle your particular job. It's also one of several steps you can take to protect yourself against unscrupulous or unqualified people.

*This brochure is for informational purposes only and not intended for the purposes of providing legal advice. Information provided is subject to change. Printed material can be made available for individuals with special needs in Braille, large print or audio tape. Submit requests to the RICO Complaints and Enforcement Officer at (808) 586-2666.*