



Renting Your Church's Property

Principals, Practicalities, and
(Pre)Cautionary Tales

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Get a Title Search

PRELIMINARY REPORT
(No Liability Hereunder)

This report (and any revisions thereto) is issued solely for the convenience of the titleholder, the titleholder's agent, counsel, purchaser or mortgagee, or the person ordering it for the purpose of facilitating the issuance of a policy of title insurance by Title Guaranty of Hawaii, Inc. and no liability will arise under this report.

SCHEDULE A

Title Guaranty of Hawaii, Inc. hereby reports that, subject to those matters set forth in Schedule "B" hereof, the title to the estate or interest to the land described in Schedule "C" hereof is vested in:

WAIALAE PLAZA,
a Hawaii general partnership,
as Lessee

EntityName

Interest being searched

This report is dated as of September 25, 2017 at 8:00 a.m.

Inquiries concerning this report
should be directed to
[TITLE OFFICER NAME]
Email _____@tghawaii.com
Fax (808) _____
Telephone (808) _____
Refer to Order No. 201638360.

What's "On Title"?

SCHEDULE B EXCEPTIONS

1. Real Property Taxes, if any, that may be due and owing.

Tax Key: (1) 9-4-002-083 Area Assessed: 22.738 acs.

2. Mineral and water rights of any nature.

3. -AS TO PARCEL SECOND (LOT A-6-A-1):-

(A) Easement "A" (40 ft. wide), 32,835 square feet, more or less, for access purposes, in favor of the U. S Navy, as shown on subdivision map dated November 6, 2001, prepared by Controlpoint Surveying, Inc.

-Note;- Title Guaranty of Hawaii, Inc., is unable to locate the approval of said above subdivision map.

- (B) DESIGNATION OF EASEMENT "A-1"

PURPOSES : access

SHOWN : on map prepared by Clayton M. Kaneshiro, Land Surveyor, with Belt Collins Hawaii, Ltd., dated November 5, 2009, approved by the Department of Planning and Permitting, City and County of Honolulu, on November 13, 2009, File No. 2009/SUB-105, and described in AFFIDAVIT OF CLAYTON M. KANESHIRO recorded as Document No. 2010-163969.

Not all exceptions are created equally.

10. -AS TO LOTS B-2-A, 2-A-3-A, D-4-B, D-5-B AND A-6-B:-

Terms, provisions, and interests contained in unrecorded WATER CONTRACT dated December 31, 1951, by and between HAWAIIAN PINEAPPLE COMPANY, LIMITED, JOHN II ESTATE, LIMITED, OAHU SUGAR COMPANY, LIMITED, and the WAIAHOLE WATER COMPANY, LIMITED, which amends the Grant given in favor of WAIAHOLE WATER COMPANY, LIMITED dated May 21, 1913, recorded in Liber [392](#) at Page [276](#).

Versus...

"That said granted premises shall be used by the said Grantee, its successors and assigns, for church purposes only, and this conveyance is made upon the express condition that in case the said granted premises shall not be used by the said Grantee, its successors and assigns, only for church purposes, or if the said granted premises shall ever cease to be used for church purposes only, then in any such event the said granted premises shall revert to the Grantor as if this conveyance had not been made."

Get it in Writing!

Avoid the “Handshake Deal” (please, please, please)

Really though, what's the worst that could happen?



Lease vs. License

- What's the difference?
- When is one versus the other appropriate?
- What's better for your Church?



What Goes Into the Occupancy Agreement?

- At a bare minimum:
 - Term and Extension Rights
 - Permitted Use
 - Time/Space Availability
 - Maintenance Obligations
 - Are Utilities Included?
 - Notice Provisions
 - Termination Rights

Bare Necessities

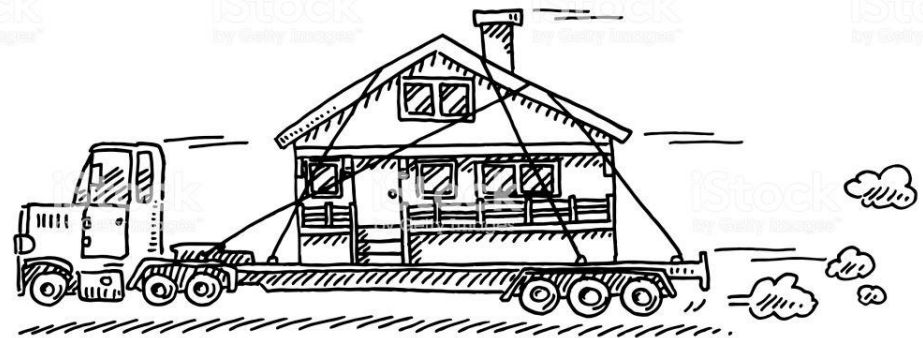


Insurance Vs. Indemnity

- Managing Your Liability
 - An Indemnity Provision Allocates Risk
 - An Insurance Policy Transfers Risk to a 3rd Party (i.e., the Insurer) in Exchange for Payment of a Premium
 - Our tenant doesn't have insurance. Can I rely on the indemnity provision?

Who Owns the Improvements?

- The Fee Owner, the Parish/Church, and the Tenant
- Should I stay or should I go? Or, rights to the Improvements after expiration or termination of the Agreement



Ok, I Know What Kind of Agreement I Want. Who Signs for the Church?

- Interest(s) in the Land
- Signing Capacity
- Consent Rights
- Are they (or should they be) separately incorporated?



Real Property Taxes

- Exemptions – See Revised Ordinances of Honolulu Section 8, Article 10
- Most Common for Churches: Charitable Purposes and For-Profit Group Child Care Centers
- Qualifying For and Keeping Your Exemption



General Excise Tax

- “Wrapping” It Into Your Fees
- Good News! There’s probably an exemption for you! (see Hawaii Revised Statutes Section 237-24)
- But, beware the exception that can “swallow” the rule.



“There really is no need for confusion.
Rule 10, section 5, article a, subsection 3,
exception 4 quite clearly states ...”

My Tenant Has Defaulted – Now What Do I Do?

- Play “hardball” or work it out?
- Call your attorneys early, and call your attorneys often.
- There is no one-size-fits-all approach



In Conclusion:

- Know what you own, what you can do with that, and what you're willing to let 3rd parties do with your property.
- Being a good neighbor is good. Being a good neighbor that knows how to get rid of a bad one is better.
- Know when you're on the hook for taxes and, if you are, pay them (please, please, please).