



Hawai'i Home Advocates

"Understanding Makes All the Difference."™

LANDLORD FATIGUE?

Diagnose Before You Decide

Tired Landlord? Selling is irreversible. Hiring a property manager is not.

"Understanding Makes All the Difference."™

ONE MISSION · THREE GOALS

One Mission: To educate homeowners.

Three Goals: To help Hawai'i homeowners —

1. Understand their situation,
2. Learn their rights and options, and
3. Navigate toward the best possible outcome.

Everything here is free. Nothing is required.

And every path leads to your best interest.

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WHY BEING A LANDLORD IN HAWAII IS HARDER THAN MOST PLACES

Negative cash flow — High mortgage balances, HOA fees of \$800–\$1,500/month in many condos, property taxes, insurance, and management costs mean many fully rented Hawaii properties still cost the owner \$500–\$2,000/month out of pocket. The rent simply doesn't cover it.

Strong tenant protections — Hawaii is one of the least landlord-friendly states in the country. Tenants have repair-and-deduct rights, extended notice periods, and the ability to withhold rent under certain conditions. Security deposits are capped at one month's rent.

Long, expensive evictions — The eviction process typically takes 4–8 weeks and involves multiple court steps. Act 278 (eff. Feb 5, 2026) adds a mandatory mediation step for nonpayment evictions. Self-help evictions are illegal and expose landlords to lawsuits.

STR (Short-Term Rental) restrictions — STR permits are severely restricted or being phased out across all islands. Many landlords who relied on Airbnb or Vrbo income no longer have that option. Long-term rental often doesn't cover costs.

THE HAWAII EVICTION PROCESS

Know the Timeline Before You Decide to Sell or Hold

Reason	Notice	Key Details
Non-payment of rent	10-day written notice	Act 278 (eff. Feb 5, 2026): tenant can request mediation within 10 days — landlord must participate before filing
Lease violation	10-day notice to cure	Tenant has 10 days to fix or vacate. Immediate notice for health/safety violations.
End of lease / no lease	45-day notice to vacate	Month-to-month requires 45 days notice. Fixed-term ends on the agreement date.
Illegal activity	Immediate notice	No cure period required.
Court process	4–8 weeks total	File complaint (\$155), tenant served, hearing, judgment, writ of possession, sheriff.

■ **Self-help eviction is illegal in Hawai'i.** You cannot change locks, shut off utilities, or remove a tenant's belongings without a court order. Doing so exposes you to significant legal liability — including damages and attorney's fees payable to the tenant.

■ **Act 278 — New Mediation Requirement (Effective February 5, 2026):** For nonpayment evictions, landlords must provide a 10-day written notice AND submit a Landlord Intake Form to the Mediation Centers of Hawai'i. If the tenant requests mediation within 10 days, the landlord must participate before filing. 2-year pilot program (Feb 5, 2026 – Feb 4, 2028). Use official notice templates from mediationcentersofhawaii.org.

YOUR OPTIONS

Diagnose the Problem Before Choosing a Path

List on the Open Market

Best way to maximize sale proceeds. Hawai'i's strong market means significant equity in most cases. Tenant occupancy complicates showings.

Best for: maximum proceeds, patient timeline

Sell Direct — Tenant in Place

Sell to an investor with tenant already in place. No showings, no disruption. Price typically below full market value.

Best for: speed, simplicity, tenant occupied

Wait for Lease Expiration

Let the current lease expire, then list vacant. Vacant properties show better and sell faster.

Best for: full market value, good condition

Cash-for-Keys — Negotiate Departure

Financial incentive for tenant to vacate voluntarily. Less adversarial than eviction. Document everything in writing.

Best for: mid-lease, cooperative tenants

Hire Better Property Management

Sometimes the problem isn't the property — it's the management. A qualified PM handles tenants, maintenance, and legal compliance.

Best for: landlords who want to keep the asset

1031 Exchange

Defer capital gains taxes by rolling proceeds into a like-kind investment property. 45 days to identify, 180 days to close. Requires a qualified intermediary and a CPA.

Best for: significant gains, continuing to invest

SELLING WITH A TENANT IN PLACE

Tenant rights during a sale — A tenant's lease survives a sale. The new owner takes over as landlord with the same lease terms. You cannot terminate a lease simply because you're selling.

Showing the property — Hawai'i law (HRS §521-53) requires at least 2 days notice before entering for showings. Tenants must provide reasonable access but have rights regarding frequency and timing.

Security deposit transfer — At closing, the security deposit must be transferred to the new owner or returned to the tenant. All parties must be notified in writing.

STR permit disclosure (O'ahu) — Honolulu Ordinance 22-6 requires disclosure of STR permit status. If your property has a valid NUC (Non-Conforming Use Certificate), disclose it — it adds value.

MONTHLY CASH FLOW REALITY CHECK

Fill in your real numbers. If the result is negative, multiply by 12 to see your annual out-of-pocket cost.

MONTHLY CASH FLOW REALITY CHECK

Monthly rental income	\$ _____
Minus: mortgage payment	– \$ _____
Minus: HOA (Homeowners Association) fees	– \$ _____
Minus: property taxes (monthly)	– \$ _____
Minus: insurance	– \$ _____
Minus: property management (10%)	– \$ _____
Minus: GET (General Excise Tax) on rental income	– \$ _____
Minus: maintenance reserve	– \$ _____
Net monthly cash flow	= \$ _____

If this number is negative — you are paying to be a landlord. Multiply by 12 to see your annual out-of-pocket cost, then compare to what you would net from a sale invested elsewhere. Note: GET (Hawai'i General Excise Tax) applies to all rental income — verify current rate and filing requirements with the Hawai'i Department of Taxation at tax.hawaii.gov.

Most landlords make the decision to sell before they have correctly diagnosed why they are tired. Selling is irreversible. Hiring a property manager is not. Diagnose first — then decide.

PHASE 1 — DIAGNOSE BEFORE YOU DECIDE

- 1 Run the real cash flow numbers.** Use the worksheet on the previous page. Is the property actually losing money — or does it just feel that way because management is exhausting?
- 2 Identify the specific source of the pain.** Is it this tenant? The management? The property condition? The HOA? Or the math itself? The answer determines the solution.
- 3 Ask the honest question.** Am I tired of *owning* this property — or tired of *managing* it? One calls for a property manager. The other calls for a sale.

PHASE 2A — IF IT'S MANAGEMENT

- 4 Interview at least 3 licensed Hawai'i property managers.** Get references, review lease templates, confirm they know Act 278 mediation and eviction procedures.
- 5 Get a current market rent analysis.** Many self-managing landlords undercharge long-term tenants for years. A PM can tell you what the unit should rent for today.
- 6 Audit your current lease.** Is it current with Hawai'i law including Act 278? A weak lease is one of the most common sources of landlord pain.
- 7 If the current tenant is the problem** — assess whether to manage them out legally with proper notice, negotiate a cash-for-keys departure, or absorb the turnover cost to reset with a better-screened tenant.

PHASE 2B — IF IT'S THE PROPERTY

- 8 **Get a current market valuation.** Know your equity position before deciding anything. Your equity may be larger than you think — and that changes the decision.
- 9 **Consult a Hawai'i CPA about HARPTA, capital gains, and depreciation recapture.** If you have owned the property for several years, significant depreciation deductions may have been taken — when you sell, the IRS taxes those back at a higher rate than standard capital gains. This surprises many landlords. A 1031 exchange may defer both capital gains and recapture if you plan to keep investing. Get the full after-tax picture before you decide.
- 10 **Choose your exit strategy.** Open market listing, cash-for-keys tenant departure, sell with tenant in place, or direct sale. Match the strategy to your situation.
- ! **Do not take self-help eviction actions.** Changing locks, shutting off utilities, or removing belongings without a court order is illegal in Hawai'i and exposes you to significant liability.
- 11 **Contact Barbara.** All resources in this guide are yours to use directly. If you'd like an honest assessment of whether the numbers favor a management reset or a sale — I'm here. 808-781-6951

DOCUMENTS TO GATHER FIRST

- Current mortgage statement
- Property deed
- HOA statements
- Lease agreement
- Security deposit records
- Last 2 years tax returns
- Any STR permit documents
- Property management agreement (if any)

FREE RESOURCES

Mediation Centers of Hawai'i

Required for Act 278 nonpayment evictions. Official notice templates and landlord intake forms.
mediationcentersofhawaii.org

Hawai'i DCCA — Landlord-Tenant Information

Official Hawai'i Residential Landlord-Tenant Code, rights, and responsibilities.
cca.hawaii.gov

Hawai'i State Judiciary — District Court

File eviction complaints, access court forms, and check filing fees.
courts.hawaii.gov

Barbara Coote — Hawai'i Home Advocates

Free market valuation and honest options review. All resources here are yours to use directly — I'm here if you'd like help.

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All resources on this site are free.

No sign-up. No obligation. Ever.

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"When God closes a door, He opens a window."

I want to be that window for you.

"Informed Decisions are the Best Decisions."™

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