



# Hawai'i Home Advocates

*"Understanding Makes All the Difference."™*

## PROPERTY TAX LIEN

# What You Need to Know

A plain-English guide for Hawai'i homeowners facing delinquent property taxes or a tax lien.

*"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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## UNDERSTANDING PROPERTY TAX LIENS IN HAWAII

### This Can Happen Even If You Own Your Home Free and Clear

In Hawaii, unpaid real property taxes automatically become a lien against your home — regardless of whether you have a mortgage. Each county handles tax delinquency differently, but all four can ultimately result in a tax certificate sale or tax deed proceeding that transfers ownership. Acting early keeps more options open.

**Hawaii property tax liens accrue interest at up to 12% per year. A \$10,000 lien becomes \$11,200 in one year and continues to compound. The longer you wait, the fewer options remain.**

### Tax Lien Timeline in Hawaii

Stage	What Happens	Your Window
Stage 1 Taxes Unpaid	Interest and penalties begin accruing immediately at up to 12%/year.	Act now — most options open
Stage 2 Lien Recorded	County records lien against your property. Clouds title — cannot sell or refinance cleanly.	Payment plan still possible
Stage 3 Tax Certificate	County issues tax certificate — may be sold to a third-party investor who then earns interest.	Redemption still possible — act fast
Stage 4 Tax Deed / Foreclosure	If unredeemed, county or investor can initiate foreclosure. Ownership may transfer.	Options critically limited

### County vs. Federal Tax Liens

✓ County property tax liens — filed by Honolulu, Maui, Hawaii, or Kauai county for unpaid real property taxes

✓ IRS (Internal Revenue Service) federal tax liens — attach to all real property and can complicate or block a traditional sale

→ Both types of liens must be resolved before title can transfer cleanly at closing

→ IRS liens require 30-day notice period before payoff at closing — plan ahead

✗ Federal liens are more complex than county liens — a tax attorney or EA (Enrolled Agent) is strongly recommended

**Each Hawaii county — Honolulu, Maui, Hawaii Island, and Kauai — has its own tax delinquency process and timeline. Contact your county's Real Property Tax Division directly to understand exactly where you stand.**

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## YOUR OPTIONS

### Act Early — More Paths Remain Open

A property tax lien does not mean you will lose your home. Several resolution paths exist — the right one depends on your financial situation and how far the lien has progressed.

#### County Payment Plan or Installment Agreement ★ Best First Step

- ✓ Each Hawai■i county has a process for installment agreements on delinquent property taxes
- ✓ Stops further escalation toward tax certificate sale while payments are being made
- ✓ No attorney required — contact your county Real Property Tax Division directly
  - Interest continues accruing on unpaid balance during the payment period
- ✗ Must contact county before tax certificate is sold to a third party

#### IRS Offer-in-Compromise (Federal Liens Only)

- ✓ IRS may accept less than the full amount owed under genuine financial hardship
  - Complex process — requires a tax attorney or EA (Enrolled Agent)
- ✗ Not available if you have ability to pay the full amount

#### Notify Your Mortgage Lender

- ✓ Your lender has a security interest and may pay the tax lien to protect it
  - Lender will typically add the tax payoff to your mortgage balance or escrow
- ✗ Does not eliminate the underlying tax debt — it shifts who you owe

#### List on the Open Market

- ✓ Tax liens are paid off at closing from sale proceeds — no upfront cash required
- ✓ Best way to maximize proceeds and fully resolve all liens
- ✗ IRS liens require 30-day notice period — factor into your closing timeline

#### Direct Cash Sale ★ Fastest Resolution

- ✓ All county and IRS liens paid off at closing from proceeds — no upfront cash required
- ✓ Can close in 14–30 days — stops interest accrual immediately
  - Price typically below full market value — weigh against speed and certainty

#### Tax Attorney or Enrolled Agent Review

- ✓ May discover penalty abatement options that reduce total amount owed
- ✓ Can negotiate IRS lien subordination to allow a refinance or sale
  - Professional fees involved — but often pays for itself in lien reduction
  - Barbara can point you toward trusted tax attorneys — no obligation, no referral fee.

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**YOUR ACTION PLAN****Property Tax Lien — What to Do Right Now****1****Get the exact lien amount from your county tax office immediately.**

Contact your island's Real Property Tax Division and request a full payoff statement including all accrued interest and penalties. Know the exact number before making any decisions.

**2****Check the lien age and interest accrual.**

Hawaii property tax liens accrue interest at up to 12% per year. Calculate how much the lien has grown and is growing monthly. The urgency increases with every passing month.

**3****Contact your county tax office about a payment plan before escalation.**

Each Hawaii county has an installment agreement process for delinquent property taxes. Call before the lien is sold as a tax certificate to a third-party investor.

**4****For IRS federal tax liens — contact a tax attorney or EA (Enrolled Agent).**

Federal liens are more complex than county liens. An Offer-in-Compromise may be available if you qualify for financial hardship. Barbara can point you toward trusted specialists — no obligation, no referral fee.

**5****Notify your mortgage lender if you have one.**

Your lender has a security interest and may pay delinquent taxes to protect their position — sometimes buying you critical time.

**6****Understand your HARPTA (Hawaii Real Property Tax Act) implications before selling.**

A tax lien doesn't automatically trigger HARPTA, but selling at a gain does. Get clarity on the tax consequences before closing. Consult a Hawaii CPA (Certified Public Accountant).

**!****Do not ignore county tax sale notices.**

Once a tax certificate is issued and sold to an investor, your redemption options narrow significantly. Every notice has a deadline — respond immediately.

**7****Contact Barbara.**

I can help you understand what a sale would net after full lien payoff — with no surprises at the closing table. 808-781-6951

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## DOCUMENTS TO GATHER FIRST

- County tax lien notice
- Full tax payoff statement
- IRS lien notice (if federal)
- Last 3 years tax returns
- Mortgage statement
- Property deed
- TMK (Tax Map Key) number
- Any prior payment agreements

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## FREE RESOURCES

### Free Help for Tax Lien Situations in Hawaii

#### Honolulu Real Property Tax Division

Oahu property tax payoff statements, payment plans, and lien status.

808-768-3799 | [realproperty.honolulu.gov](http://realproperty.honolulu.gov)

#### Maui Real Property Assessment Division

Maui County delinquent tax information and payment arrangements.

808-270-7297 | [mauipropertytax.com](http://mauipropertytax.com)

#### Hawaii County Real Property Tax Division

Hawaii Island property tax lien status and payment plans.

808-961-8201 | [hawaiipropertytax.com](http://hawaiipropertytax.com)

#### Kauai Real Property Assessment Division

Kauai County property tax delinquency and payment options.

808-241-4224 | [kauai.gov](http://kauai.gov)

#### IRS Taxpayer Advocate Service

Free independent help for taxpayers facing IRS hardship situations including federal tax liens.

877-777-4778 | [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov)

#### Barbara Coote — Hawaii Home Advocates

Free consultation — honest review of your options. All resources above are yours to contact directly. If you'd like my help, I'm here.

808-781-6951 | [hawaiihomeadvocates.com](http://hawaiihomeadvocates.com)

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#### Disclaimer & REALTOR® Disclosure

Barbara Coote is a licensed Hawaii REALTOR® and investor. Hawaii Home Advocates provides free homeowner education. Barbara Coote receives no compensation for referrals and none is expected. This guide is not legal or financial advice — consult a licensed Hawaii attorney or CPA for guidance on tax lien situations.



## Barbara Coote

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Military Relocation Professional (MRP)

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

I want to be that window for you.

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*"Informed Decisions are the Best Decisions."*<sup>TM</sup>

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Free. No sign-up. No obligation. Ever.