
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 514B-105, Hawaii Revised Statutes, is
2 amended by amending subsection (e) to read as follows:
3 "(e) Subject to any approval requirements and spending
4 limits contained in the declaration or bylaws, the association
5 may authorize the board to borrow money for the repair,
6 replacement, maintenance, operation, or administration of the
7 common elements and personal property of the project, or the
8 making of any additions, alterations, and improvements thereto;
9 provided that written notice of the [~~purpose and use of the~~
10 ~~funds~~] terms of the borrowing is first sent to all unit owners,
11 and [~~owners representing fifty per cent of the common interest~~]
12 a majority of unit owners vote or give written consent to the
13 borrowing. In connection with the borrowing, including non-
14 commercial property assessed financing, the board may grant to
15 the lender the right to assess and collect monthly or special
16 assessments from the unit owners and to enforce the payment of
17 the assessments or other sums by statutory lien and foreclosure



1 proceedings. The cost of the borrowing, including, without
2 limitation, all principal, interest, commitment fees, and other
3 expenses payable with respect to the borrowing or the
4 enforcement of the obligations under the borrowing, shall be a
5 common expense of the project. For purposes of this section,
6 the financing of insurance premiums by the association within
7 the policy period shall not be deemed a loan and no lease shall
8 be deemed a loan if it provides that at the end of the lease the
9 association may purchase the leased equipment for its fair
10 market value."

11 SECTION 2. Section 514B-144, Hawaii Revised Statutes, is
12 amended by amending subsection (h) to read as follows:

13 "(h) The board, either directly or through its managing
14 agent or resident manager, shall notify the unit owners in
15 writing of maintenance fee increases at least thirty days prior
16 to such an increase[-]; provided that no maintenance fee
17 increase shall take effect unless such increase has gained the
18 vote or written consent of a majority of the unit owners."

19 SECTION 3. Section 514B-150, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§514B-150 Association fiscal matters; audits^[7]; forensic
2 audit; audited financial statement. (a) The association shall
3 require an annual audit of the association financial accounts
4 and no less than one annual unannounced verification of the
5 association's cash balance by a certified public accountant;
6 provided that if the association is comprised of less than
7 twenty units, the annual audit and the annual unannounced cash
8 balance verification may be waived at an association meeting by
9 a vote of a majority of the unit owners.

10 (b) The board shall make available a copy of the annual
11 audit to each unit owner at least thirty days prior to the
12 annual meeting [~~which~~] that follows the end of the fiscal year.
13 The board shall not be required to submit a copy of the annual
14 audit report to an owner if the proxy form issued pursuant to
15 section 514B-123(e) is not marked to indicate that the owner
16 wishes to obtain a copy of the report. If the annual audit has
17 not been completed by that date, the board shall make available:

18 (1) An unaudited [~~year-end~~] year-end financial statement
19 for the fiscal year to each unit owner at least thirty
20 days prior to the annual meeting; and



1 (2) The annual audit to all owners at the annual meeting,
2 or as soon as the audit is completed, but [~~not~~] no
3 later than six months after the annual meeting.

4 (c) If the association's fiscal year ends less than two
5 months prior to the convening of the annual meeting, the year-
6 to-date unaudited financial statement may cover the period from
7 the beginning of the association's fiscal year to the end of the
8 month preceding the date on which notice of the annual meeting
9 is mailed.

10 (d) Each association shall have a forensic audit conducted
11 of the association's financial records no less frequently than
12 once every three years; provided that the first forensic audit
13 shall be conducted no later than June 30, 2026. The board shall
14 make available a copy of the forensic audit to each unit owner
15 within thirty days of its completion."

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect upon its approval.

19

INTRODUCED BY: *Rinde Schinzen BR*
JAN 21 2025



H.B. NO. 849

Report Title:

Condominiums; Loans; Monthly Maintenance Fees; Vote; Forensic Audit

Description:

Clarifies that the terms of a loan must first be sent to unit owners and approved by a majority of unit owners' consent to the loan. Requires a majority of unit owners to vote in favor of or provide written consent to maintenance fee increases before they take effect. Requires a forensic audit of an association's financial records no less frequently than once every three years, with the first forensic audit to be completed by 6/30/2026.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

