



1 "Loan" includes a line of credit.

2 "Participating financial institution" means a financial  
3 institution participating in the condominium loan loss reserves  
4 program.

5 "Qualified condominium association" means a condominium  
6 association that meets the eligibility requirements as provided  
7 in section -6 and rules adopted by the authority.

8 "Reserve account" means an account established in a  
9 participating financial institution on approval of the authority  
10 in which money is deposited to serve as a reserve to reimburse a  
11 participating financial institution for any losses incurred on  
12 loans enrolled in the condominium loan loss reserves program.

13 § -2 **Powers; rulemaking.** In addition to any other  
14 powers authorized by law, the authority may:

15 (1) Contract with any financial institution for services,  
16 including servicing or administering loans pursuant to  
17 this part; and

18 (2) Adopt rules pursuant to chapter 91 to effectuate this  
19 chapter, including but not limited to rules relating  
20 to:



- 1 (A) Determinations of any other maintenance or  
2 repairs that qualify for financing or refinancing  
3 pursuant to this chapter;
- 4 (B) The establishment of interest rates chargeable by  
5 the authority for direct loans under this part  
6 and by the participating financial institutions  
7 for loans under part II;
- 8 (C) The establishment of restrictions on the terms,  
9 maturities, collateral, and other requirements  
10 consistent with this part;
- 11 (D) Determinations that a condominium that has  
12 unfunded maintenance or repairs totaling more  
13 than \$10,000 per unit, with at least per  
14 cent but not more than one hundred per cent  
15 insurance coverage may be eligible for financing  
16 under this chapter;
- 17 (E) Procedures for validating a qualified condominium  
18 association's compliance with the obligation to  
19 increase its replacement reserves balance;
- 20 (F) Determinations of eligibility of a financial  
21 institution to participate in the condominium



1 loan loss reserves program, including setting a  
2 limit on the number of eligible financial  
3 institutions that may participate in the  
4 condominium loan loss reserves program;

5 (G) Eligibility participation criteria for loans  
6 issued by an eligible financial institution to a  
7 qualified condominium association; and

8 (H) The authorization of a consortium of financial  
9 institutions to participate in the condominium  
10 loan loss reserves program, subject to common  
11 loan loss reserves program guidelines.

12 § -3 **Condominium loan program.** There is established  
13 within the authority the condominium loan program to provide  
14 qualified condominium associations with low-cost financing, or  
15 refinancing for loans previously obtained, for maintenance or  
16 repair projects in accordance with this part.

17 § -4 **Condominium loan revolving fund.** (a) There is  
18 established in the state treasury the condominium loan revolving  
19 fund, into which shall be deposited:

20 (1) Moneys received as repayment of loans and interest  
21 payments as provided in this chapter;



- 1           (2) Appropriations made by the legislature to the
- 2                   condominium loan revolving fund; and
- 3           (3) All interest and investment earnings credited to the
- 4                   assets of the fund.

5           (b) Moneys in the condominium loan revolving fund shall be  
6 expended by the authority for the purposes of providing loans in  
7 accordance with this part.

8           §   -5   **Loans; limitations and conditions.**   (a) Loans  
9 provided under this chapter shall be for financing, or  
10 refinancing loans previously obtained, for the following  
11 maintenance or repairs in a condominium project:

- 12           (1) Installing, repairing, or replacing fire sprinklers or
- 13                   other fire safety measures;
- 14           (2) Repairing or replacing the pipes;
- 15           (3) Repairing or replacing the roof; or
- 16           (4) Any other maintenance or repairs the authority deems
- 17                   qualified for the loans.

18           (b) The loan agreement shall require a qualified  
19 condominium association to increase its replacement reserves  
20 fund balance over the term of the loan.



1           **§ -6 Loans; eligibility.** Notwithstanding any other  
2 provisions of this part, the authority may make loans directly  
3 to a condominium association that is unable to:

4           (1) Secure full replacement value insurance at reasonable  
5 rates; or

6           (2) Obtain sufficient funds at reasonable rates and terms  
7 from private lenders independently.

8           **§ -7 Annual reports.** The authority shall submit a  
9 report to the legislature no later than twenty days prior to the  
10 convening of each regular session that details the progress of  
11 the condominium loan program, aggregate data on the loans issued  
12 under the condominium loan program, and the balance of the  
13 condominium loan revolving fund, beginning with the regular  
14 session of 2027.

15           **§ -8 Gifts and grants.** The authority may accept gifts,  
16 grants, and donations from any source for the purposes of this  
17 chapter.

18           **PART II. CREDIT ENHANCEMENT THROUGH LOAN LOSS RESERVES**

19           **§ -11 Condominium loan loss reserves program.** (a)

20 There is established within the authority the condominium loan  
21 loss reserves program to incentivize lenders to provide loans at



1 competitive rates and terms to condominium associations for the  
2 purpose of allowing condominium associations to make necessary  
3 maintenance or repairs in accordance with this part.

4 (b) The authority shall use moneys in the condominium loan  
5 revolving fund to make deposits into a participating financial  
6 institution's reserve account in an amount specified in this  
7 part to be a source of moneys the participating financial  
8 institution may receive as reimbursement for losses attributable  
9 to loans in the condominium loan loss reserves program.

10 **§ -12 Participating financial institutions; reserve**

11 **account.** (a) To participate in the condominium loan loss  
12 reserves program, an eligible financial institution shall enter  
13 into a participation agreement with the authority that specifies  
14 the terms and conditions under which the authority shall make  
15 contributions to the institution's reserve account and  
16 establishes the criteria for a loan to qualify as a loan under  
17 this part.

18 (b) On approval by the authority and after entering into a  
19 participation agreement with the authority, the authority shall  
20 establish a reserve account at the participating financial  
21 institution and deposit into the account an amount equal



1 to per cent of the original loan amount. The reserve  
2 account shall be used by the authority to cover any losses  
3 arising from a default of a loan made by the participating  
4 financial institution under this part or as otherwise provided  
5 by this part.

6 (c) When a participating financial institution makes a  
7 loan enrolled in the condominium loan loss reserves program, the  
8 participating financial institution shall pay to the authority a  
9 fee equal to per cent of the amount deposited into the  
10 reserve account to service the loan, and annually thereafter.  
11 The participating financial institution may recover from the  
12 borrower all or part of the amount of fees the financial  
13 institution is required to pay under this subsection in any  
14 manner agreed to by the financial institution and the borrower.

15 (d) For each loan made by a participating financial  
16 institution under this part, the participating financial  
17 institution shall provide to the authority copies of the  
18 executed loan documents within the period prescribed by the  
19 authority, including the amount of fees received from the  
20 borrower.



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1           §   -13   **Loans.** (a) Except as otherwise provided by this  
2 chapter, the authority shall not determine the recipient,  
3 amount, or interest rate of any loan made under this part or the  
4 fees or other requirements related to the loan.

5           (b) To qualify as a loan under this part, the loan shall:

6           (1) Be made to a condominium association;

7           (2) Meet the limitations and conditions as provided under  
8 section       -5; and

9           (3) Meet other criteria established by the authority by  
10 rules adopted pursuant to chapter 91.

11          (c) For a line of credit to qualify for participation in  
12 the condominium loan loss reserves program, a line of credit  
13 shall:

14          (1) Be an account at a financial institution under which  
15 the financial institution agrees to lend money to a  
16 qualified condominium association from time to time to  
17 finance one or more condominium projects authorized  
18 under this chapter; and

19          (2) To the extent possible, contain the same restrictions  
20 that are placed on a loan that is not a line of  
21 credit.



1 (d) A loan under this part may be sold on the secondary  
2 market under conditions as may be determined by the financial  
3 institution with the consent of the authority.

4 (e) When enrolling a loan in the condominium loan loss  
5 reserves program, a participating financial institution may  
6 specify an amount to be covered under the condominium loan loss  
7 reserves program that is less than the amount allowed under  
8 section -12(b).

9 **§ -14 Limitations on state contributions to reserve**  
10 **accounts.** The maximum aggregate amount the authority may retain  
11 on deposit in a reserve account shall not exceed per cent  
12 of the aggregate outstanding principal balance of enrolled  
13 loans. The authority shall, on a regular basis, but not less  
14 than annually, withdraw from a reserve account any amounts in  
15 excess and deposit the amounts into the condominium loan  
16 revolving fund.

17 **§ -15 State's rights with respect to reserve account.**

18 (a) All moneys in a reserve account created pursuant to this  
19 part shall be the property of the State.

20 (b) The State shall be entitled to earn interest on the  
21 amount of contributions made by the authority, borrower, and



1 participating financial institution to a reserve account  
2 pursuant to this part. The authority shall, on a regular basis,  
3 but not less than annually, withdraw from a reserve account the  
4 amount of the interest earned by the State. The authority shall  
5 deposit the amount withdrawn under this section into the  
6 condominium loan revolving fund.

7 (c) If the amount in a reserve account exceeds an amount  
8 equal to per cent of the balance of the participating  
9 financial institution's outstanding loans under this part, the  
10 authority may withdraw the excess amount and deposit the amount  
11 into the condominium loan revolving fund. A withdrawal of  
12 moneys authorized under this subsection shall not reduce an  
13 active reserve account to an amount that is less than the  
14 aggregate amount allowed under section -12(b).

15 (d) The authority shall withdraw from the participating  
16 financial institution's reserve account the total amount in the  
17 account and any interest earned on the account and deposit the  
18 amount into the condominium loan revolving fund when:

19 (1) A participating financial institution is no longer  
20 eligible to participate in the condominium loan loss  
21 reserves program or a participation agreement entered



1           into under this part expires without renewal by the  
2           authority and the participating financial institution;  
3           and

4           (2) The participating financial institution has no  
5           outstanding loans under this part.

6           **§ -16 Annual reports by a participating financial**  
7 **institution.** A participating financial institution shall submit  
8 an annual report to the authority, which shall provide:

9           (1) Information regarding the outstanding principal  
10           balance of the loans provided under this part,  
11           including loan losses and any other information on the  
12           loans as the authority deems appropriate;

13           (2) A copy of the participating financial institution's  
14           most recent financial statement; and

15           (3) Information regarding the condominium associations  
16           with loans under this part.

17           **§ -17 Annual reports by the authority; audits.** (a) The  
18 authority shall submit to the legislature an annual status  
19 report on the activities of the condominium loan loss reserves  
20 program.



1 (b) The condominium loan revolving fund shall be audited  
2 at least annually by a firm of independent certified public  
3 accountants selected by the authority and shall provide the  
4 results of the audit to the department and the legislature.

5 § -18 **State liability prohibited.** The State shall not  
6 be liable to any participating financial institution for payment  
7 of the principal, interest, or late charges on any loan made by  
8 a participating financial institution to a qualified condominium  
9 association pursuant to this part."

10 SECTION 2. There is appropriated out of the general  
11 revenues of the State the sum of \$ or so much thereof  
12 as may be necessary for fiscal year 2025-2026 and the same sum  
13 or so much thereof as may be necessary for fiscal year 2026-2027  
14 to be deposited into the condominium loan revolving fund.

15 SECTION 3. There is appropriated out of the condominium  
16 loan revolving fund the sum of \$ or so much thereof as  
17 may be necessary for fiscal year 2025-2026 and the same sum or  
18 so much thereof as may be necessary for fiscal year 2026-2027 to  
19 implement the condominium loan program.

20 The sums appropriated shall be expended by the Hawaii green  
21 infrastructure authority for the purposes of this Act.



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1 SECTION 4. This Act shall take effect on July 1, 2025.

2

INTRODUCED BY: \_\_\_\_\_

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# S.B. NO. 1601

**Report Title:**

Hawaii Green Infrastructure Authority; Condominium Loan Program; Condominium Loan Loss Reserves Program; Condominium Loan Revolving Fund; Reports; Appropriations

**Description:**

Establishes within the Hawaii Green Infrastructure Authority the Condominium Loan Program to provide qualified condominium associations with low-cost financing or refinancing on previously obtained loans for maintenance or repair projects. Establishes the Condominium Loan Loss Reserves Program to incentivize lenders into providing loans at competitive rates and terms to condominium associations for the purpose of allowing condominium associations to make necessary maintenance or repairs. Requires reports to the legislature. Appropriates funds into and out of the Condominium Loan Revolving Fund.

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

