

JAN 17 2025

A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. The legislature finds that the absence of
2 insurance coverage for condominium associations and unit owners
3 often results in substantial out-of-pocket expenses for repairs
4 and replacements necessitated by disasters such as fires,
5 floods, or storms. The financial burden is particularly severe
6 for buildings already facing maintenance issues. This problem
7 is relevant to the approximately four hundred thousand people
8 who live in condominiums in the State. Insurers view these
9 condominiums at risk due to being poorly maintained or
10 mismanaged, leading to much higher premiums and are often
11 outright denied of coverage. Condominium associations struggle
12 with funding the necessary repairs and maintenance, exacerbating
13 the problems that would otherwise allow the properties to be
14 insurable. Uninsurable condominiums place a tremendous burden
15 onto their owners and residents, encumbering them with the risks
16 of financial vulnerability, regulatory and compliance issues,
17 and difficulty selling units.



1 The legislature further finds that the lack of adequate
2 insurance coverage may deter potential buyers from purchasing
3 units within these buildings, thereby reducing the pool of
4 interested buyers and potentially diminishing property values.
5 The legislature also recognizes that many mortgage lenders
6 require proof of insurance as a prerequisite for financing. In
7 the absence of insurance, condominium owners encounter
8 difficulties in securing and maintaining mortgages, potentially
9 leading to foreclosure or financial instability. Without proof
10 of insurance, the sale process of a condominium unit becomes
11 more complicated and protracted.

12 The legislature acknowledges the importance of providing
13 financial assistance to condominium associations and believes
14 that establishing a condominium loan program to be administered
15 by the Hawaii green infrastructure authority will improve
16 property conditions by helping to fund essential repairs and
17 maintenance and enhance the insurability of properties by
18 addressing deferred maintenance and structural issues.

19 Accordingly, the purpose of this Act is to establish a
20 condominium loan program for registered condominium associations
21 to obtain loans to:



- 1 (1) Improve property conditions and fund essential repairs
2 and maintenance; and
3 (2) Enhance the insurability of condominium properties in
4 the State by addressing deferred maintenance and
5 structural issues.

6 SECTION 2. Chapter 196, Hawaii Revised Statutes, is
7 amended by adding two new sections to part IV to be
8 appropriately designated and to read as follows:

9 **"§196-A Condominium loan program.** (a) There is
10 established within the authority a condominium loan program, to
11 be administered by the authority on behalf of the department in
12 a manner consistent with chapter 39, part III, for the purposes
13 of funding essential repairs, addressing deferred maintenance
14 and structural issues, and improving property conditions to
15 enhance the insurability of condominiums organized under
16 chapter 514B.

17 (b) The authority may make loans to private entities,
18 whether corporations, partnerships, limited liability companies,
19 or other persons for the purposes of addressing deferred
20 maintenance pursuant to section 196-B.



1 **§196-B Condominium loan program special fund.** (a) There
2 is created within the state treasury a condominium loan program
3 special fund, into which shall be deposited funds appropriated
4 by the legislature. The special fund shall be administered by
5 the authority on behalf of the department for purposes of
6 carrying out the condominium loan program established under
7 section 196-A.

8 (b) The term of the loans issued under the condominium
9 loan program shall extend for a period of twenty years from the
10 effective date of issuance."

11 SECTION 3. There is appropriated out of the general
12 revenues of the State the sum of \$30,000,000 or so much thereof
13 as may be necessary for fiscal year 2025-2026 and the same sum
14 or so much thereof as may be necessary for the fiscal year
15 2026-2027 to be deposited into the condominium loan program
16 special fund established pursuant to section 196-B, Hawaii
17 Revised Statutes.

18 SECTION 4. There is appropriated out of the condominium
19 loan program special fund the sum of \$30,000,000 or so much
20 thereof as may be necessary for fiscal year 2025-2026 and the
21 same sum or so much thereof as may be necessary for the fiscal



1 year 2026-2027 for the purposes of the condominium loan program
2 special fund established pursuant to section 196-B, Hawaii
3 Revised Statutes.

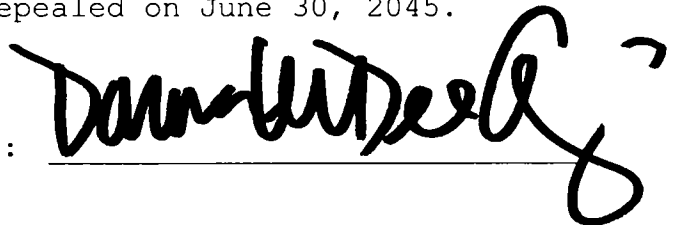
4 The sums appropriated shall be expended by the Hawaii green
5 infrastructure authority on behalf of the department of
6 business, economic development, and tourism to carry out the
7 purposes of this Act; provided that all moneys remaining in the
8 fund that are not expended or encumbered as of the close of
9 business on June 30, 2045, shall lapse to the general fund on
10 that date.

11 SECTION 5. In codifying the new sections added by
12 section 2 of this Act, the revisor of statutes shall substitute
13 appropriate section numbers for the letters used in designating
14 the new sections in this Act.

15 SECTION 6. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 2025;
17 provided that this Act shall be repealed on June 30, 2045.

18
INTRODUCED BY:



S.B. NO. 744

Report Title:

DBEDT; Hawaii Green Infrastructure Authority; Condominium Loan Program; Condominium Loan Program Special Fund; Condominium Associations; Deferred Maintenance; Appropriations

Description:

Establishes the Condominium Loan Program and the Condominium Loan Program Special Fund, to be administered by the Hawaii Green Infrastructure Authority on behalf of the Department of Business, Economic Development, and Tourism, for the purpose of providing funding for essential repairs and deferred maintenance to condominium associations organized under chapter 514B, HRS. Appropriates funds. Repeals 6/30/2045.

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

