DEPT. COMM. NO. 415

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June 30, 2026

TRANSMITTED VIA LEGISLATIVE WEBSITE

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

Enclosed is a copy of the "Final Report for Act 189, Condominium Property Regime Task Force" pursuant to act 189 Session Laws of Hawaii 2023.

In accordance with section 93-16(a), HRS, a copy of this report will be transmitted to the Legislative Reference Bureau Library and viewable electronically at https://cca.hawaii.gov/reports/working-groups-and-task-forces/. Copies will also be transmitted to the State Publications Distribution Center and the University of Hawaii pursuant to section 93-3, HRS.

Sincerely,

NADINE Y. ANDO
Director

Enclosure

c: Legislative Reference Bureau Library (1 hard copy)
State Publications Distribution Center (2 hard copies, 1 electronic copy)
University of Hawaii (1 hard copy)

Final Report for Act 189, SLH 2023 - Condominium Property Regime Task Force

Date: June 26, 2026

To: 34th Legislature of Hawaii

From: Condominium Property Regime Task Force

Subject: Final Report on Act 189, SLH 2023

Act 189, Session Laws of Hawaii 2023, established the Condominium Property Regime Task to develop recommendations to the Legislature. Task Force members sought and received information from the Department of Commerce and Consumer Affairs and several members of the public submitted written testimony and presented oral comments during hybrid remote and in-person meetings held by the Task Force. Links to the Task Force meetings and written materials are posted on the Department of Commerce and Consumer Affairs' website at: https://cca.hawaii.gov/reports/working-groups-and-task-forces/.

The Condominium Property Regime Task Force respectfully provides the Legislature the following recommendations:

1. Expand the authority of RICO and the REC by amending chapter 514B, HRS, to make statutory rights enforceable through reviewable standards, practical enforcement mechanisms, and meaningful remedies that deter misconduct, provide real relief to owners, and promote personal accountability for knowing violations by responsible decision makers. (5 Ayes; 2 Noes: Nerney, Thiele; 1 Excused: Quinlan)

2. Requesting the Department of Commerce and Consumer Affairs to levy a more robust series of minimum monetary fines and sanctions with increasing tiers or exponential penalties for repeat offenders regarding condominium unit owners' access to documents. (6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

3. Amend chapter 514B, HRS, to improve timely and affordable access to governing documents and other records essential to an association's physical, financial, legal operations, by strengthening enforcement for timely production, ensuring charges are reasonable, removing unfair technological and procedural barriers, reviewing affidavit requirements, and assessing whether the current allowance of 8 free hours of document examination is adequate. (5 Ayes; 1 No: Nerney; 1 Abstained: Lopez; 1 Excused: Quinlan)

4. Require mandatory continuing education courses for real estate licensees that include condominium sales, management, and point-of-sale topics. (7 Ayes; 1 Excused: Quinlan)

5. Recommend the Legislature amend chapter 467, HRS, to address consumer financial literacy and education about the general nature of condominium ownership. (7 Ayes; 1 Excused: Quinlan)

6. Request that the State Auditor conducts a sunrise review on the licensure of community managers or similar titles under a new regulatory framework for the existing real estate licensing framework. (7 Ayes; 1 Excused: Quinlan)

7. Amend chapter 514B, HRS, to require associations to require internal dispute-resolution procedures that include basic due-process standards and that such procedures be provided annually to owners. (7 Ayes; 1 Excused: Quinlan)

8. Recommend that the State revise Hawaii Revised Statutes section 514B-104(a)(11) to expressly preserve Act 195's priority of payments protections by requiring owner payments to be applied first to unpaid common expense assessments, maintaining attorney's fees, collection costs, fines, penalties, interest, and other charges as subordinate to those assessments; and clarifying that an owner's right to challenge a disputed fine, penalty, attorney's fee, collection cost, or related collection action through an available dispute resolution process shall not be conditioned on prior payment of the disputed amount. (6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

9. Recommend proposed revisions to expand Hawaii Revised Statutes section 514B-104(a)(11) with two new subparagraphs, A and B:

(11) "Impose charges and penalties, including late fees and interest, for late payment of assessments and levy reasonable fines for violations of the declaration, bylaws, rules, and regulations of the association, either in accordance with the bylaws or, if the bylaws are silent, pursuant to a resolution adopted by the board, ~~[that establishes a fining procedure that states the basis for the fine and allows an appeal to the board of the fine with notice and an opportunity to be heard and providing~~] subject to compliance with subparagraph (A). ~~[that if the fine is paid, the unit owner shall have the right to initiate a dispute resolution process as provided by sections 514B-161, and 514B-162, or by filing a request for an administrative hearing under a pilot program administered by the department of commerce and consumer affairs.~~]

(A) Except during emergency situations where a threat to personal health and safety on the property is discovered, any association imposing fines or penalties under this paragraph shall comply with the following minimum procedures:

(i) The association shall issue a written warning describing the alleged violation, including the date, time, location, and the specific provision of chapter 514B, the applicable Hawaii administrative rules, or the association's declaration, bylaws, or rules alleged to have been violated.

(ii) The unit owner shall be afforded at least fourteen days, or another reasonable period determined by the board, to cure the alleged violation.

(iii) If the violation is not cured within the period provided, or is repeated, the association may issue a written notice of fine or penalty, which shall cite the specific provision violated and inform the unit owner of the right to appeal.

(iv) Upon a timely written request for appeal, the association shall suspend collection of the fine or penalty until the appeal is concluded, the violation is repeated, or sixty days have passed from the request. The association shall appoint an appeals committee of three unit owners, at least two of whom shall not be board members, to review the submissions of both parties and issue a written report to the board.

(v) The board shall review the submissions of both parties and issue a final written determination.

(vi) A unit owner who contests the board's final determination may request review by the Commission. If the Commission determines that the association did not comply with this subparagraph, the fine or penalty shall be invalidated and the association shall be prohibited from collecting that charge; provided that the association may initiate a new fining process in compliance with this paragraph; and provided further that the association may appeal the Commission's determination to a court of competent jurisdiction.

(B) Each association that imposes fines or penalties under this paragraph shall adopt and maintain written internal dispute resolution procedures consistent with, and incorporating, subparagraph (A). The internal procedures shall:

(i) Describe the steps an owner must follow to dispute a violation or penalty, including notice, cure opportunity, appeal rights, and timelines consistent with subparagraph (A);

(ii) Identify the role and composition of the appeals committee required under subparagraph (A)(v);

(iii) Require written decisions at each stage of the process;

(iv) Be provided annually to all unit owners and upon request; and

(v) Be followed by the association in any enforcement action under this paragraph.

(vi) Failure to adopt or comply with the internal dispute resolution procedures required under this subparagraph shall constitute noncompliance under subparagraph (A)(vi)."

(6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

10. Recommend that the State require condominium associations to submit their current governing documents as part of the biennial registration process, and that those

documents be maintained with the registration materials so owners, boards, regulators, and policymakers have access to the operative documents governing each association. The initial submission shall include all governing documents; subsequent submissions shall include only amended or restated documents. The biennial registration form shall also be amended to include: (1) type of structure (building, townhouse, single-family), which may be removed after the initial biennial registration; (2) property website address; and (3) encouragement of enforcement for failure to provide or update required information. (6 Ayes; 1 No: Nerney; 1 Excused: Quinlan)

Respectfully submitted,
Condominium Property Regime Task Force

Philip Nerney, Chair

Lila Mower, Vice Chair