
A BILL FOR AN ACT

RELATING TO CONDOMINIUM GOVERNANCE.

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

SECTION 1. The legislature finds that more than two hundred thousand Hawaii residents are condominium unit owners who directly bear the financial consequences of governance decisions, including special assessments, maintenance fee increases, deferred maintenance, and reserve underfunding. Despite this, condominium owners are not consistently included in advisory groups, task forces, or policy discussions convened by the real estate commission or the department of commerce and consumer affairs.

Accordingly, the purpose of this Act is to empower condominium unit owners as valued stakeholders in condominium governance by providing them with a meaningful voice in state-level policy development, education design, and advisory processes.

SECTION 2. Section 514B-71, Hawaii Revised Statutes, is amended to read as follows:



1 "§514B-71 Condominium education trust fund. (a) The
2 commission shall establish a condominium education trust fund
3 that the commission shall use for educational purposes.

4 Educational purposes shall include financing or promoting:

5 (1) Education and research in the field of condominium
6 management, condominium project registration, and real
7 estate, for the benefit of the public and those
8 required to be registered under this chapter;

9 (2) The improvement and more efficient administration of
10 associations;

11 (3) Expeditious and inexpensive procedures for resolving
12 association disputes;

13 (4) Support for mediation of condominium related disputes;
14 [and]

15 (5) Support for voluntary binding arbitration between
16 parties in condominium related disputes, pursuant to
17 section 514B-162.5[÷]; and

18 (6) Education and resources for unit owners as primary
19 stakeholders in condominium governance, including
20 programs designed to improve owner understanding of



1 association operations, reserve requirements,
2 financial obligations, and governance rights.

3 (b) The commission shall use all moneys in the condominium
4 education trust fund for purposes consistent with subsection

5 (a). Any law to the contrary notwithstanding, the commission
6 may make a finding that a fee adjustment is appropriate and
7 adjust the fees paid by associations to regulate the fund
8 balance to an appropriate level to maintain a reasonable
9 relation between the fees generated and the cost of services
10 rendered by the condominium education trust fund. For the
11 purposes of finding that a fee adjustment is appropriate in
12 order to maintain a reasonable relation between the fees
13 generated and the cost of services rendered by the fund, the
14 commission's review shall include the following:

15 (1) Frequency and timing of anticipated revenue to the
16 fund;

17 (2) Identification of a reserve amount based on
18 unanticipated revenue reductions and historical
19 expenditures;

20 (3) Anticipated expenses paid, including recovery payouts
21 during a biennial budget cycle;



(4) Unanticipated natural disasters or catastrophic weather events that may increase fund payments; and

(5) Any statutory adjustments to fund payout amounts.

The balance of the fund shall not exceed a sum determined by the commission. The sum shall be determined by the commission biennially.

(c) The commission shall adopt rules to ensure that unit owners are recognized and included as stakeholders in all educational programs, consultations, advisory committees, task forces, and policy development activities funded in whole or in part by the condominium education trust fund."

SECTION 3. Section 514B-72, Hawaii Revised Statutes, is amended to read as follows:

"§514B-72 Condominium education trust fund; payments by associations and developers. (a) Each project or association with more than five units shall pay to the department of commerce and consumer affairs:

(1) A condominium education trust fund fee within one year after the recordation of the purchase of the first unit or within thirty days of the association's first meeting, and thereafter, on or before June 30 of every



1 odd-numbered year, as prescribed by rules adopted
2 pursuant to chapter 91; and

3 (2) Beginning with the July 1, 2015, biennium
4 registration, an additional annual condominium
5 education trust fund fee in an amount equal to the
6 product of \$1.50 times the number of condominium units
7 included in the registered project or association to
8 be dedicated to supporting mediation or voluntary
9 binding arbitration of condominium related disputes.
10 The additional condominium education trust fund fee
11 shall total \$3 per unit until the commission adopts
12 rules pursuant to chapter 91. On June 30 of every
13 odd-numbered year, any unexpended additional amounts
14 paid into the condominium education trust fund and
15 initially dedicated to supporting mediation or
16 voluntary binding arbitration of condominium related
17 disputes, as required by this paragraph, shall be used
18 for educational purposes as provided in section 514B-
19 71(a)(1), (2), and (3).

20 (b) Each developer shall pay to the department of commerce
21 and consumer affairs the condominium education trust fund fee



1 for each unit in the project, as prescribed by rules adopted by
2 the director of commerce and consumer affairs pursuant to
3 chapter 91. The project shall not be registered and no
4 effective date for a developer's public report shall be issued
5 until the payment has been made.

6 (c) Payments of any fees required under this section shall
7 be due on or before the registration due date and shall be
8 nonrefundable. Failure to pay the required fee by the due date
9 shall result in a penalty assessment of ten per cent of the
10 amount due and the association shall not have standing to bring
11 any action to collect or to foreclose any lien for common
12 expenses or other assessments in any court of this State until
13 the amount due, including any penalty, is paid. Failure of an
14 association to pay a fee required under this section shall not
15 impair the validity of any claim of the association for common
16 expenses or other assessments, or prevent the association from
17 defending any action in any court of this State.

18 (d) The department of commerce and consumer affairs shall
19 allocate the fees collected under this section to the
20 condominium education trust fund established pursuant to section
21 514B-71. The fees collected pursuant to this section shall be



1 administratively and fiscally managed together as one
2 condominium education trust fund established by section 514B-71.

3 (e) The commission shall adopt written criteria defining
4 the term "stakeholder" for the purposes of condominium
5 governance. The criteria shall include unit owners as
6 stakeholders whose interests shall be considered in commission
7 programs and activities funded in whole or in part by the
8 condominium education trust fund.

9 (f) The commission shall ensure that condominium unit
10 owners are represented in any advisory committee, stakeholder
11 group, or task force convened for the purposes of condominium
12 law review, policy development, education program design,
13 rulemaking, dispute resolution evaluation, or any project funded
14 in whole or in part by the condominium education trust fund."

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

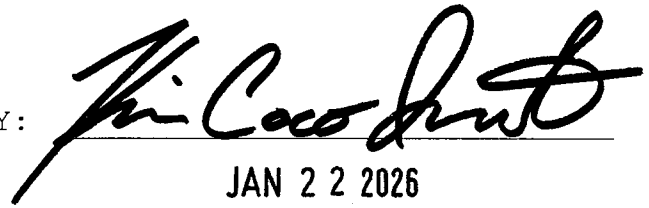
17 SECTION 5. This Act shall take effect upon its approval.



H.B. NO. 1806

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INTRODUCED BY:


JAN 22 2026



H.B. NO. 1806

Report Title:

Condominiums; Unit Owners; Condominium Education Trust Fund;
Stakeholders

Description:

Allows funds from the Condominium Education Trust Fund to be used for education and resources for condominium unit owners as primary stakeholders in condominium governance. Requires the Real Estate Commission to ensure that condominium unit owners are recognized and included as stakeholders in educational programs, consultations, advisory committees, task forces, and police development activities.

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

