

JAN 22 2026

# A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

SECTION 1. The legislature finds that there nearly two hundred thousand condominium units in the State, the owners of which directly bear the financial consequences of governance decisions, including special assessments, maintenance fee increases, deferred maintenance, and reserve underfunding. Despite this, condominium unit 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.

The legislature also finds that existing law, including procedures authorized under chapter 92, Hawaii Revised Statutes, permits the department to utilize hearings officers to assist with condominium dispute resolution. While this framework is a step forward, it does not address condominium unit owner representation, consumer protection, or systemic issues related to governance, transparency, and maintenance planning.



1       Accordingly, the purpose of this Act is to expressly  
2 recognize condominium unit owners as stakeholders in statute and  
3 require that they be included in state-level policy and  
4 decision-making processes that affect their homes and financial  
5 stability and authorize the condominium education trust fund to  
6 be used to support condominium unit owner education.

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

9       "**§514B-71 Condominium education trust fund.** (a) The  
10 commission shall establish a condominium education trust fund  
11 that the commission shall use for educational purposes.  
12 Educational purposes shall include financing or promoting:

13       (1) Education and research in the field of condominium  
14 management, condominium project registration, and real  
15 estate, for the benefit of the public and those  
16 required to be registered under this chapter;

17       (2) The improvement and more efficient administration of  
18 associations;

19       (3) Expeditious and inexpensive procedures for resolving  
20 association disputes;



(4) Support for mediation of condominium related disputes;

[and]

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

(6) Education resources for condominium unit owners as primary stakeholders in condominium governance, including programs designed to improve owner understanding of association operations, reserve requirements, financial obligations, and governance rights.

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

(a). Any law to the contrary notwithstanding, the commission may make a finding that a fee adjustment is appropriate and adjust the fees paid by associations to regulate the fund balance to an appropriate level to maintain a reasonable relation between the fees generated and the cost of services rendered by the condominium education trust fund. For the purposes of finding that a fee adjustment is appropriate in order to maintain a reasonable relation between the fees



1 generated and the cost of services rendered by the fund, the  
2 commission's review shall include the following:

3 (1) Frequency and timing of anticipated revenue to the  
4 fund;

5 (2) Identification of a reserve amount based on  
6 unanticipated revenue reductions and historical  
7 expenditures;

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

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

12 (5) Any statutory adjustments to fund payout amounts.

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

16 (c) The commission shall adopt rules to ensure that  
17 condominium unit owners are recognized and included as  
18 stakeholders in all educational programs, consultations,  
19 advisory groups, task forces, and policy development activities  
20 funded in whole or in part by the condominium education trust  
21 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 odd-numbered year, as prescribed by rules adopted pursuant to chapter 91; and

(2) Beginning with the July 1, 2015, biennium registration, an additional annual condominium education trust fund fee in an amount equal to the product of \$1.50 times the number of condominium units included in the registered project or association to be dedicated to supporting mediation or voluntary binding arbitration of condominium related disputes. The additional condominium education trust fund fee shall total \$3 per unit until the commission adopts



1 rules pursuant to chapter 91. On June 30 of every  
2 odd-numbered year, any unexpended additional amounts  
3 paid into the condominium education trust fund and  
4 initially dedicated to supporting mediation or  
5 voluntary binding arbitration of condominium related  
6 disputes, as required by this paragraph, shall be used  
7 for educational purposes as provided in section  
8 514B-71(a)(1), (2), and (3).

9 (b) Each developer shall pay to the department of commerce  
10 and consumer affairs the condominium education trust fund fee  
11 for each unit in the project, as prescribed by rules adopted by  
12 the director of commerce and consumer affairs pursuant to  
13 chapter 91. The project shall not be registered and no  
14 effective date for a developer's public report shall be issued  
15 until the payment has been made.

16 (c) Payments of any fees required under this section shall  
17 be due on or before the registration due date and shall be  
18 nonrefundable. Failure to pay the required fee by the due date  
19 shall result in a penalty assessment of ten per cent of the  
20 amount due and the association shall not have standing to bring  
21 any action to collect or to foreclose any lien for common



1 expenses or other assessments in any court of this State until  
2 the amount due, including any penalty, is paid. Failure of an  
3 association to pay a fee required under this section shall not  
4 impair the validity of any claim of the association for common  
5 expenses or other assessments, or prevent the association from  
6 defending any action in any court of this State.

7 (d) The department of commerce and consumer affairs shall  
8 allocate the fees collected under this section to the  
9 condominium education trust fund established pursuant to section  
10 514B-71. The fees collected pursuant to this section shall be  
11 administratively and fiscally managed together as one  
12 condominium education trust fund established by section 514B-71.

13 (e) The real estate commission shall adopt rules defining  
14 the term "stakeholder" for purposes of condominium governance  
15 and as used in this section and section 514B-71. The criteria  
16 shall include condominium unit owners as stakeholders whose  
17 interests shall be considered in commission programs and  
18 activities funded in whole or in part by the condominium  
19 education trust fund.

20 (f) The real estate commission shall ensure that  
21 condominium unit owners are represented in any advisory



committee, stakeholder group, or task force convened for the  
purpose of condominium law review, policy development, education  
program design, rulemaking, dispute resolution evaluation, or  
any project funded in whole or in part by the condominium  
education trust fund."

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

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

INTRODUCED BY: Carol F. Johnson





# S.B. NO. 2433

**Report Title:**

Real Estate Commission; Condominiums; Unit Owners; Governance; Stakeholders; Definition; Education; Condominium Education Trust Fund; Rules

**Description:**

Requires the Real Estate Commission to adopt rules to recognize and define condominium unit owners as stakeholders. Requires the Real Estate Commission to involve condominium unit owners in consultations and activities funded by the Condominium Education Trust Fund.

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

