

JAN 23 2026

A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514B-148, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) The budget required under section 514B-144(a) shall
4 include a summary with at least the following details:

5 (1) The estimated revenues and operating expenses of the
6 association;

7 (2) Disclosure as to whether the budget has been prepared
8 on a cash or accrual basis;

9 (3) The estimated costs of fire safety equipment or
10 installations that meet the requirements of a building
11 fire and life safety evaluation required by the
12 applicable county for any building located in a county
13 with a population greater than five hundred thousand;
14 provided that the reserve study may forecast a loan or
15 special assessment to fund building fire and life
16 safety components or installation;



- 1 (4) The balance of the total replacement reserves fund of
2 the association as of the date of the budget;
- 3 (5) The estimated replacement reserves assessments that
4 the association will require to maintain the property
5 based on a reserve study performed by or on behalf of
6 the association; provided that the reserve study, if
7 not prepared by an independent reserve study preparer,
8 shall be reviewed by an independent reserve study
9 preparer no less than every three years; provided
10 further that an association of twenty or fewer units
11 may vote at the association's annual meeting to not
12 perform the reserve study; provided further that a
13 managing agent with industry reserve study
14 designations shall not be considered as having a
15 conflict of interest for purposes of this paragraph;
- 16 (6) A general explanation of how the estimated replacement
17 reserves assessments are computed and detailing:
- 18 (A) The identity, qualifications, and potential
19 conflicts of interest of the person or entity
20 performing the reserve study, update, or any
21 review thereof;



1 (B) Disclosure of any component of association
2 property omitted from the reserve study and the
3 basis for the omission;

4 (C) Planned increases in the estimated replacement
5 reserve assessments over the thirty-year plan;
6 and

7 (D) Whether the actual estimated replacement reserves
8 assessments for the prior year as defined in the
9 study were less than the assessments provided for
10 in the reserve study, and, if so, by how much,
11 and explaining the impact of the lesser
12 assessments on future estimated replacement
13 reserves assessments;

14 (7) The amount the association must collect for the fiscal
15 year to fund the estimated replacement reserves
16 assessments; and

17 (8) Information as to whether the amount the association
18 must collect for the fiscal year to fund the estimated
19 replacement reserves assessments was calculated using
20 a per cent funded or cash flow plan. The method or
21 plan shall not circumvent the estimated replacement



1 reserves assessments amount determined by the reserve
2 study pursuant to paragraph (5).

3 The budget summary shall contain all required information
4 without referring the reader to other portions of the budget."

5 SECTION 2. This Act does not affect rights and duties that
6 matured, penalties that were incurred, and proceedings that were
7 begun before its effective date.

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

10

INTRODUCED BY: Carol F. Hernandez



S.B. NO. 2840

Report Title:

Condominiums; Associations; Reserve Studies; Exemption

Description:

Enables condominium associations of twenty or fewer units to determine by vote at the association's annual meeting not to undertake a reserve study review.

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

