

JAN 23 2026

A BILL FOR AN ACT

RELATING TO FEE TRANSPARENCY.

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

1 SECTION 1. The purpose of this Act is to improve
2 transparency and fairness and prevent hidden or misleading
3 charges, reduce disputes, and ensure consumers have the
4 information necessary to make informed financial decisions by:

5 (1) Establishing standards for transfer fees assessed by a
6 planned community association, condominium
7 association, or managing agent when a residential unit
8 is sold or ownership is transferred; and

9 (2) Requiring the disclosure of estimated withholdings and
10 pass-through charges expected to be collected at
11 closing, including but not limited to sewer fees and
12 water fees.

13 SECTION 2. Chapter 421J, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 "§421J- Restriction on transfer fees; disclosure

17 required. (a) The association or managing agent may only



1 charge transfer fees to recover the reasonable and actual costs
2 of administrative services directly related to the sale or
3 transfer of ownership of a unit. All fees related to sale or
4 transfer of ownership shall have a clear and direct connection
5 to the services provided.

6 (b) Flat transfer fees shall only be permitted if they are
7 a reasonable estimate of actual costs based on historical data.

8 (c) Transfer fees that exceed \$350 shall be supported by
9 documentation demonstrating the actual costs incurred to provide
10 the services.

11 (d) No association or managing agent shall charge a
12 transfer fee that results in a profit, or for unrelated costs,
13 or costs for services not actually provided.

14 (e) Any unspent transfer fees charged by an association or
15 managing agent shall be reimbursed to the owner no later than
16 ten days after the completion of the transfer.

17 (f) Before the closing of any sale or transfer of
18 ownership of a unit, the association or managing agent shall
19 provide the seller, buyer, and the closing or escrow agent a
20 written itemized disclosure of any estimated withholdings,



1 prorations, or pass-through charges expected to be collected at
2 closing, including but not limited to:

3 (1) Sewer fees;

4 (2) Water fees;

5 (3) Utility charges;

6 (4) Unpaid assessments; and

7 (5) Other amounts required to satisfy association-related
8 obligations.

9 The disclosure shall identify each category of withholding,
10 the estimated amount, and the basis for the estimate. No
11 undisclosed withholding shall be collected at closing unless
12 supported by documentation demonstrating the actual cost
13 incurred or the legal obligation requiring the withholding."

14 SECTION 3. Chapter 514B, Hawaii Revised Statutes, is
15 amended by adding a new section to be appropriately designated
16 and to read as follows:

17 **"§514B- Restriction on transfer fees; disclosure**
18 **required.** (a) The association or managing agent may only
19 charge transfer fees to recover the reasonable and actual costs
20 of administrative services directly related to the sale or
21 transfer of ownership of a unit. All fees related to sale or



1 transfer of ownership shall have a clear and direct connection
2 to the services provided.

3 (b) Flat transfer fees shall only be permitted if they are
4 a reasonable estimate of actual costs based on historical data.

5 (c) Transfer fees that exceed \$350 shall be supported by
6 documentation demonstrating the actual costs incurred to provide
7 the services.

8 (d) No association or managing agent shall charge a
9 transfer fee that results in a profit, or for unrelated costs,
10 or costs for services not actually provided.

11 (e) Any unspent transfer fees charged by an association or
12 managing agent shall be reimbursed to the owner no later than
13 ten days after the completion of the transfer.

14 (f) Before the closing of any sale or transfer of
15 ownership of a unit, the association or managing agent shall
16 provide the seller, buyer, and the closing or escrow agent a
17 written itemized disclosure of any estimated withholdings,
18 prorations, or pass-through charges expected to be collected at
19 closing, including but not limited to:

20 (1) Sewer fees;

21 (2) Water fees;



1 (3) Utility charges;

2 (4) Unpaid assessments; and

3 (5) Other amounts required to satisfy association-related
4 obligations.

5 The disclosure shall identify each category of withholding,
6 the estimated amount, and the basis for the estimate. No
7 undisclosed withholding shall be collected at closing unless
8 supported by documentation demonstrating the actual cost
9 incurred or the legal obligation requiring the withholding."

10 SECTION 4. This Act does not affect rights and duties that
11 matured, penalties that were incurred, and proceedings that were
12 begun before its effective date.

13 SECTION 5. New statutory material is underscored.

14 SECTION 6. This Act shall take effect upon its approval.

15
INTRODUCED BY:





S.B. NO. 2878

Report Title:

Transfer Fees; Transparency; Disclosure; Property Managers;
Planned Community Associations; Condominiums

Description:

Restricts transfer fees relating to sale or transfer of ownership charged by condominium associations and planned community associations. Requires associations to disclose certain estimated withholdings and pass-through charges.

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

