

STAND. COM. REP. NO. **3324**

Honolulu, Hawaii

MAR 30 2026

RE: H.B. No. 1897
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2026
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 1897, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUM ALTERNATIVE DISPUTE RESOLUTION,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the conditions and procedures of alternative dispute resolution methods for condominium-related disputes, including the use of evaluative mediation or binding arbitration.

Your Committee received testimony in support of this measure from the Hawaii Legislative Action Committee of the Community Associations Institute, Associa, Palehua Townhouses Association, and three individuals.

Your Committee received testimony in opposition to this measure from Honolulu Tower and six individuals.

Your Committee received comments on this measure from the Judiciary, Hawai'i Real Estate Commission, and seven individuals.

Your Committee finds that unclear procedures for fines, outdated dispute resolution pathways, and uneven standards for mediation and arbitration contribute to delays, increased costs,



and preventable conflict within condominium communities. This measure would enhance due process procedures for imposition of fines and improve the overall condominium alternative dispute resolution process.

Your Committee has amended this measure by:

- (1) Inserting language to clarify that an association's declaration, bylaws, or house rules may allow for a longer time than thirty days to initiate an appeal of a fine;
- (2) Replacing language that would have deemed a fine collectible by an association if the small claims court has not invalidated the fine within ninety days after timely initiation of an action with language to clarify that a fine shall be deemed collectible once a judgment is entered in favor of the association in the small claims court;
- (3) Inserting language to clarify that the Condominium Education Trust Fund may be used to provide support for facilitative mediation;
- (4) Clarifying that a mediation provider, rather than the Real Estate Commission, may waive the fee requirement for evaluative mediation if the fee will pose an unreasonable economic burden;
- (5) Inserting language to clarify that the definition of "condominium-related dispute" includes condominium associations, boards, and developers as possible parties to a dispute;
- (6) Restoring language in existing law that:
 - (A) Allows nonbinding arbitration as a method of alternative dispute resolution; and
 - (B) Clarifies the rights and procedures for a trial de novo in relation to condominium disputes;



- (7) Inserting language to clarify that a party demanding a trial de novo shall be charged with all reasonable costs, expenses, and attorneys' fees if the party does not improve its position on the arbitration award by thirty percent or more; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that the language in this measure in relation to when a fine shall be deemed collectible continues to raise concerns that merit further consideration and respectfully requests that subsequent Committees to which this measure is referred further examine this issue as it moves through the legislative process.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1897, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1897, H.D. 1, S.D. 1, and be referred to your Committee on Judiciary.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



BARRETT KIOHOKALOLE, Chair



