

Honolulu, Hawaii

**MAR 24**, 2026

RE: S.B. No. 2765  
S.D. 1  
H.D. 1

Honorable Nadine K. Nakamura  
Speaker, House of Representatives  
Thirty-Third State Legislature  
Regular Session of 2026  
State of Hawaii

Madame:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2765, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose of this measure is to clarify that condominium associations that have acquired title through foreclosure may retain rental income received before the appointment of a commissioner, but the association may be required by a court to remit rental income received after the appointment of a commissioner to be held until an order of distribution is entered by the court.

Your Committee received testimony in support of this measure from the Honolulu Tower; Hawaii Council of Community Associations; Associa; and six individuals. Your Committee received testimony in opposition to this measure from the Mortgage Bankers Association of Hawaii; Palehua Townhouses Association; Hawaii Bankers Association; AOA Lakeview Sands; and six individuals. Your Committee received comments on this measure from the Community Associations Institute and one individual.

Your Committee finds that uncertainty has arisen in the courts regarding the proper treatment of rental income received by



condominium associations that acquire title to a unit through foreclosure, including confusion as to when in the foreclosure process such income should be considered. Inconsistent interpretations have resulted in the counting of rental income from periods outside the timeframe contemplated by existing law.

Your Committee further finds that these inconsistencies can produce inequitable outcomes for nonprofit condominium associations and the unit owners they represent by shifting financial burdens away from senior lienholders and onto paying owners. In some instances, associations have been required to remit substantial sums derived from rental income accumulated over extended periods, resulting in significant per-unit impacts on owners and effectively rewarding prolonged delays in the foreclosure process. Accordingly, this measure provides necessary clarification to promote consistent application of the law and to prevent outcomes that divert funds intended to support the financial stability of condominium communities and their unit owners.

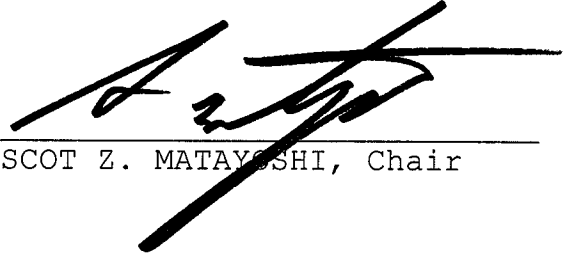
Your Committee has amended this measure by:

- (1) Deleting language that may be misinterpreted as allowing a person, other than the condominium association that holds title to a condominium unit after a foreclosure, to benefit from rental proceeds;
- (2) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2765, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2765, S.D. 1, H.D. 1, and be referred to your Committee on Judiciary & Hawaiian Affairs.



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



SCOT Z. MATAYOSHI, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: <b>SB2765 SD1</b>	Committee Referral: <b>CPC/JHA</b>	Date: <b>3/17/26</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. MATAYOSHI, Scot Z. (C)	✓			
2. GRANDINETTI, Tina Nakada (VC)	✓			
3. CHUN, Cory M.	✓			
4. ILAGAN, Greggor	✓			
5. ICHIYAMA, Linda	✓			
6. IWAMOTO, Kim Coco	✓			
7. KONG, Sam Satoru	✓			
8. LOWEN, Nicole E.	<i>ms</i>			✓
9. MARTEN, Lisa	✓			
10. TAM, Adrian K.	✓			
11. PIERICK, Elijah	✓			
TOTAL (11)	10			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. _____ committee acronym(s)				
Vice Chair's or designee's signature: <i>[Signature]</i>				
Distribution: Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				