

STAND. COM. REP. NO. 2392

Honolulu, Hawaii

FEB 19 2026

RE: S.B. No. 2765  
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 S.B. No. 2765 entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that condominium associations that have obtained title to a unit through foreclosure may retain rental income received prior to the appointment of a commissioner in a subsequent foreclosure; provided that the association may be required by a court to remit rental income received after the appointment of a commissioner.

Your Committee received testimony in support of this measure from the Hawaii Legislative Action Committee of the Community Associations Institute; Honolulu Tower; Associa; Law Offices of Mark K. McKellar, LLC; AOA Lakeview Sands; and twelve individuals.

Your Committee received testimony in opposition to this measure from the Mortgage Bankers Association of Hawaii and two individuals.

Your Committee received comments on this measure from one individual.



Your Committee finds that existing law requires a condominium association that acquires title to a property through foreclosure to disgorge any excess rental income to a superior lienholder after a subsequent foreclosure. Lengthy delays in foreclosure proceedings can lead to years of forgone assessment revenues and large disgorgements to superior lienholders, resulting in significant financial burden for condominium associations. This measure would enable fairer outcomes by allowing condominium associations that acquire title through foreclosure to retain rental income earned before a subsequent foreclosure.

Your Committee has amended this measure by:

- (1) Inserting language that clarifies that rental income received by the association from the unit may be used for the benefit of the unit owner;
- (2) Inserting language that clarifies that a court may require that rental income received after the appointment of a commissioner in a subsequent foreclosure of a lien against the unit shall be remitted to and held by the commissioner until an order of distribution is entered by the court;
- (3) Amending section 1 to reflect its amended purpose;
- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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 S.B. No. 2765, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2765, 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,



---

JERRETT KEONOKALOLE, Chair



The Senate  
 Thirty-Third Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2765	CPN, JDC	02/13/2026		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
LAMOSAO, Rachele	✓			
MCKELVEY, Angus L.K.	✓			
AWA, Brenton				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original     Yellow     Pink File with Committee Report     Committee     Drafting Agency				

\*Only one measure per Record of Votes