

Testimony of the Hawai'i Real Estate Commission

**Before the
House Committee on Consumer Protection & Commerce
Wednesday, March 4, 2026
2:00 p.m.
Conference Room 329 & Via Videoconference**

**On the following measure:
H.B. 1824, RELATING TO CONDOMINIUMS**

Chair Matayoshi and Members of the Committee:

My name is Derrick Yamane, and I am the Chairperson of the Hawai'i Real Estate Commission (Commission). The Commission offers comments on this bill.

The purpose of this bill is to allow small condominium associations to waive the requirement for the reserve study to be reviewed by an independent reserve study preparer every three years if a majority of unit owners at a meeting approve the waiver and complies with other requirements.

The Commission understands the cost-saving intent of this bill; however, it has concerns about the potential risk to multi-story condominium projects. According to Commission records, there are 287 non-hotel condominium projects, representing approximately 3,750 units, that are at least three stories tall and consist of fewer than twenty units. These projects often include shared common elements that require regular evaluation and appropriate reserve funding. The Commission recommends limiting the proposed waiver to low-rise or single-story projects with few or no common elements. Notwithstanding project height, the Commission is further concerned that associations with fewer than twenty units could waive the requirement for the reserve study to be reviewed by an independent reserve study preparer in perpetuity. The Commission believes a reasonable time limit should be specified for any waiver granted under this bill.

Thank you for the opportunity to testify on this bill.



March 3, 2026

Representative Scot Z. Matayoshi, Chair
Representative Tina Nakada Grandinetti, Vice Chair
Committee Members
Committee on Commerce & Consumer Protection

RE: HB1824 - Oppose

Aloha Chair Matayoshi, Vice Chair Grandinetti and Committee Members:

Thank you for the opportunity to submit testimony. I am a member of the Community Associations Institute (CAI) Legislative Action Committee (LAC) Hawaii Chapter.

The CAI Hawaii LAC opposes HB1824.

CAI Hawaii LAC does not recommend allowing associations less than twenty (20) units to waive the requirement for a reserve study to be reviewed by an independent reserve study preparer.

There will be a charge to the association regardless of an independent reserve study preparer reviews/updates the reserve study. Managing agents will be required to update the reserve study if an independent reserve study preparer is not engaged. Managing agents charge associations for reserve study updates. If the objective is to avoid the reserve study review/update charge, this proposed legislation will not achieve that goal.

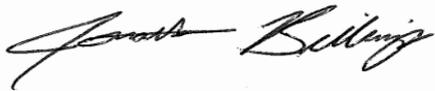
The objective of engaging an independent reserve study preparer is to minimize the risk of a future loan or special assessment and to identify deferred maintenance and capital projects. Most managing agents and board members are not qualified to conduct a reserve study which has resulted in associations being severely underfunded. For many years associations were not required to engage a third party reserve study preparer and as result we continually hear of associations requiring large special assessments and loans simply due to the fact that the associations for many years have not been properly funding reserves.

Association board members have a fiduciary duty to make decisions that are in the best interest of the association. Unfortunately, past decisions related to reserve studies oftentimes were not in the best interest of association which has created a financial burden on current homeowners because the association deferred maintenance/capital projects and/or did not fund reserves at adequate levels.

Finally, many associations that have twenty (20) units or less are oftentimes the properties that need a third party reserve study review/update most because of the lack of management, maintenance programs, capital planning, etc.

Thank you for your time and attention. Your service is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Billings". The signature is written in a cursive style with a large initial "J".

Jonathan Billings
CAI LAC Member

HB-1824

Submitted on: 3/2/2026 1:45:24 PM

Testimony for CPC on 3/4/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Dorinda Ohelo	Individual	Support	Written Testimony Only

Comments:

As a condominium owner, I support this bill.

HB-1824

Submitted on: 3/2/2026 4:35:25 PM

Testimony for CPC on 3/4/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Richard Emery	Associa	Oppose	Written Testimony Only

Comments:

Reserve studies are useful and important regardless of the condo size. Often boards prepare a reserve study themselves that will only result in loans or assessments due to the poor quality. A review by a professional protects the owners. Oppose.

HB-1824

Submitted on: 3/4/2026 2:30:13 PM

Testimony for CPC on 3/4/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
David Nash	Individual	Support	Written Testimony Only

Comments:

Testimony from small single family HOA, David Nash

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On the following measure:

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I support removing the requirement that requires small HOAs of less than 20 units to have a professional review of their reserve study every 3 years. The language for this bill is drafted from the language that allows small HOAs to vote to not have a 3rd party accounting audit each year for what are very simple budgets and expenditures. For exceedingly simple HOAs both would be an unnecessary expense. HOAs of this size can maintain their reserves and reserve studies better than any 3rd party.

The problem with requiring this reserve review is that it places a large financial burden on a lot of small HOAs for something that is not needed. In the case of our community of single family homes, but still under an HOA, this would be a substantial cost where the funds would be better used for improvements and maintenance within the HOA rather than paying an outside party to do review of what we know we need.

As a secretary/treasurer for a small HOA the reality is that no reserve company wants to perform a simple review of a self drafted reserve study, but rather they wish to do a full reserve study

which is an exceedingly costly process of more than \$7000 to perform one from “scratch”. With an annual operating budget under \$30k this is a wasteful expenditure.

In the past this HOA has had these reserve studies done by large companies, such as Associa, and they do not list the proper components, they under fund replacements, and they ignore large items such as a concrete driveway. In short even when professionally managed HOAs hire a reserve study professional there is no guarantee is it done properly.

If there was a way to dictate how much a reserve review could cost and that any company that performs reserve studies also has to offer to perform a reserve review for a reasonable charge that would be acceptable. Until that happens this is an unnecessary and expensive requirement that hurts small HOAs.

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