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# A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1           SECTION 1. The purpose of this Act is to allow condominium  
2 association funds to be invested in obligations of the counties  
3 of Hawaii and mutual funds comprised of such obligations.

4           SECTION 2. Section 514B-149, Hawaii Revised Statutes, is  
5 amended by amending subsection (c) to read as follows:

6           "(c) (1) All funds collected by an association, or by a  
7 managing agent for any association, shall be:

8           (A) Deposited in a financial institution, including a  
9 federal or community credit union, located in the  
10 State, pursuant to a resolution adopted by the  
11 board, and whose deposits are insured by an  
12 agency of the United States government;

13           (B) Held by a corporation authorized to do business  
14 under article 8 of chapter 412;

15           (C) Held by the United States Treasury;

16           (D) Purchased in the name of and held for the benefit  
17 of the association through a securities broker  
18 that is registered with the Securities and



1 Exchange Commission, that has an office in the  
2 State, and the accounts of which are held by  
3 member firms of the New York Stock Exchange or  
4 National Association of Securities Dealers and  
5 insured by the Securities Insurance Protection  
6 Corporation; or

7 (E) Placed through a federally insured financial  
8 institution located in the State for investment  
9 in certificates of deposit issued through the  
10 Certificate of Deposit Account Registry Service  
11 in federally insured financial institutions  
12 located in the United States.

13 (2) All funds collected by an association, or by a  
14 managing agent for any association, shall be invested  
15 only in:

16 (A) Deposits, investment certificates, savings  
17 accounts, and certificates of deposit;

18 (B) Obligations of the United States government, the  
19 State of Hawaii, the counties of Hawaii, or their  
20 respective agencies; provided that those  
21 obligations shall have stated maturity dates no  
22 more than ten years after the purchase date



1 unless approved otherwise by a majority vote of  
 2 the unit owners at an annual or special meeting  
 3 of the association or by written consent of a  
 4 majority of the unit owners;

5 (C) Mutual funds [~~comprised~~] comprising solely [~~of~~]  
 6 investments in the obligations of the United  
 7 States government, the State of Hawaii, the  
 8 counties of Hawaii, or their respective agencies;  
 9 provided that those obligations shall have stated  
 10 maturity dates no more than ten years after the  
 11 purchase date unless approved otherwise by a  
 12 majority vote of the unit owners at an annual or  
 13 special meeting of the association or by written  
 14 consent of a majority of the unit owners[~~+~~].

15 This subparagraph shall not be construed to  
 16 prohibit investments within such mutual funds  
 17 that include cash equivalents; or

18 (D) Certificates of deposit issued through the  
 19 Certificate of Deposit Account Registry Service  
 20 in an amount at least equal in their market  
 21 value, but not to exceed their par value, to the  
 22 amount of the deposit with the depository;



1 provided that before any investment longer than one year is made  
2 by an association, the board must approve the action; and  
3 provided further that the board must clearly disclose to owners  
4 all investments longer than one year at each year's association  
5 annual meeting.

6       Records of the deposits and disbursements shall be  
7 disclosed to the commission upon request. All funds collected  
8 by an association shall only be disbursed by employees of the  
9 association under the supervision of the association's board.  
10 All funds collected by a managing agent from an association  
11 shall be held in a client trust fund account and shall be  
12 disbursed only by the managing agent or the managing agent's  
13 employees under the supervision of the association's board."

14       SECTION 3. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16       SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Condominium Association Funds; Investment in County Obligations

**Description:**

Allows the investment of condominium association funds in obligations of the counties or their agencies. (HB524 HD1)

