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

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

20 provided that before any investment longer than one year is made
21 by an association, the board must approve the action; and
22 provided further that the board must clearly disclose to owners



1 all investments longer than one year at each year's association
2 annual meeting.

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

11 SECTION 3. New statutory material is underscored.

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

13

INTRODUCED BY: Calvin K. Day

JAN 23 2009



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.

