
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. The legislature finds that the changes made by
2 Act 195, Session Laws of Hawaii 2018, were designed to provide
3 greater clarity and certainty in the application of common
4 expense payments by condominium unit owners. Specifically, the
5 Act clarified that condominium associations must apply common
6 expense payments to common expenses owed first, or to fines or
7 fees if indicated by the payee.

8 However, the Act did not address situations that require
9 the application of funds beyond common expenses. This has
10 resulted in confusion by association boards of directors in
11 allocating the priority of payments paid in excess of common
12 expenses owed.

13 Therefore, the purpose of this Act is to standardize and
14 provide clarity to condominium boards and owners on how an
15 association shall allocate a payment that is made in excess of
16 common expenses owed.



1 SECTION 2. Section 514B-105, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

3 "(c) No association shall deduct and apply portions of
4 common expense payments received from a unit owner to unpaid
5 late fees, legal fees, fines, and interest (other than amounts
6 remitted by a unit in payment of late fees, legal fees, fines,
7 and interest) [-]; provided that if a unit owner is not
8 delinquent as to common expense payments or the payment made is
9 in excess of the amounts owed under this subsection, then the
10 funds received may be applied to the unit owner account in the
11 following priority:

- 12 (1) Sub-metered utilities, if any;
- 13 (2) Special assessments;
- 14 (3) Reserve contributions;
- 15 (4) Regular assessments;
- 16 (5) Locker, parking, or other fees, if any;
- 17 (6) H06 policy, if paid by the association;
- 18 (7) Insurance deductible assessment by the association;
- 19 (8) Legal fees;
- 20 (9) Fines; and
- 21 (10) Late fees."



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1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

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

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INTRODUCED BY:

Beak

Linda L. Chizama

JAN 17 2019



H.B. NO. 61

Report Title:

Condominium Associations; Common Expense Payments; Priority of Payment Application

Description:

Establishes the priority to be applied to a common expense payment by a unit owner that is made in excess of common expense payments owed.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

