
A BILL FOR AN ACT

RELATING TO CONDOMINIUMS.

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

1 SECTION 1. Section 514B-148, Hawaii Revised Statutes, is
2 amended as follows:
3 1. By amending subsection (b) to read:
4 "(b) The association shall deposit at least ten per cent
5 of all revenues for each fiscal year, except for estimated
6 replacement reserve assessments, into the total replacement
7 reserves fund of the association. The association shall further
8 assess the unit owners to attain in either fund a minimum of
9 fifty per cent of the estimated replacement reserves assessments
10 or fund one hundred per cent of the estimated replacement
11 reserves assessments when using a cash flow plan; provided that
12 a new association need not collect estimated replacement
13 reserves assessments until the fiscal year that begins after the
14 association's first annual meeting. For each fiscal year, the
15 association shall collect the amount assessed to fund the
16 estimated replacement reserves assessments for that fiscal year,
17 as determined by the association's plan."



1 2. By amending subsection (g) to read:

2 "(g) Subject to the procedures of section 514B-157 and any
3 rules adopted by the commission, any unit owner whose
4 association board fails to comply with this section may enforce
5 compliance by the board[=]; provided that in cases where a board
6 fails to deposit the minimum ten per cent into the total
7 replacement reserves fund:

8 (1) The department shall enforce the minimum deposit;

9 (2) The unit owner may file a complaint with the
10 commission in lieu of enforcing the minimum deposit
11 through an action; and

12 (3) Each member of a board that is found to have failed to
13 deposit the minimum ten per cent into the total
14 replacement reserves fund shall be held personally
15 liable and subject to a fine of \$ _____.

16 In any proceeding to enforce compliance, a board that has
17 not prepared an annual operating budget and reserve study shall
18 have the burden of proving it has complied with this section."

19 SECTION 2. This Act does not affect rights and duties that
20 matured, penalties that were incurred, and proceedings that were
21 begun before its effective date.



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 Statutory material to be repealed is bracketed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 on July 1, 2024.

4

INTRODUCED BY:



JAN 17 2024



H.B. NO. 1647

Report Title:

Condominiums; DCCA; Replacement Reserves; Condominium Boards of Directors; Enforcement; Penalty

Description:

Requires boards of directors of condominium associations to deposit at least ten per cent of all revenues for each fiscal year, except for estimated replacement reserve assessments, into the total replacement reserves fund of the association. Requires the Real Estate Commission to enforce the minimum deposit requirement and allows unit owners to file complaints with the Commission. Holds board members who fail to comply with the minimum deposit requirement personally liable and subject to a fine.

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

