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# A BILL FOR AN ACT

RELATING TO CONDOMINIUM.

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

1           SECTION 1. The legislature finds that condominium owners  
2 are entitled to disclosure of information about the replacement  
3 reserves maintained by a condominium association in which they  
4 own a unit. Recent efforts to increase transparency and  
5 accuracy include Act 62, Session Laws of Hawaii 2022 (Act 62),  
6 which, among other things, provides for periodic review of a  
7 reserve study by an independent reserve study preparer and also  
8 lengthens the study period to thirty years. Act 199, Session  
9 Laws of Hawaii 2023 (Act 199), requires that a budget summary be  
10 prepared, with additional detail, to better inform owners of the  
11 financial condition of an association.

12           Accordingly, the purpose of this Act is to emphasize the  
13 importance of compliance with the requirements enacted by Acts  
14 62 and 199 by:

15           (1) Explicitly stating that the defense of good faith  
16           compliance is unavailable to any condominium



1 association whose board adopts a budget that omits the  
2 required budget summary; and

3 (2) Providing that an association has the burden of  
4 proving compliance.

5 SECTION 2. Section 514B-148, Hawaii Revised Statutes, is  
6 amended as follows:

7 1. By amending subsection (d) to read:

8 "(d) No association or [~~unit owner, director, officer,~~  
9 ~~managing agent, or employee of an association~~] entity that, and  
10 no person who, makes a good faith effort to calculate the  
11 estimated replacement reserves assessments [~~for an association~~]  
12 required by this section shall be liable [~~if~~] in the event that  
13 the estimate subsequently proves incorrect. The defense of good  
14 faith shall be unavailable to an association whenever its board  
15 adopts a budget that omits the summary required by subsection  
16 (a)."

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

18 "(g) [~~Subject to the procedures of section 514B-157 and~~  
19 ~~any rules adopted by the commission, any unit owner whose~~  
20 ~~association board fails to comply with this section may enforce~~  
21 ~~compliance by the board. In any proceeding to enforce~~



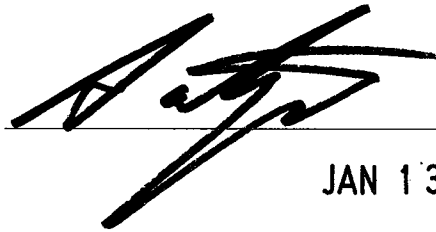
1 ~~compliance, a board that has not prepared an annual operating~~  
 2 ~~budget and reserve study shall have the burden of proving it has~~  
 3 ~~complied with this section.]~~ Any unit owner shall have standing  
 4 to bring an action alleging a violation of this section against  
 5 an association that the unit owner is a member of, and may seek  
 6 an injunction to enforce compliance with this section by the  
 7 association's board. The association shall have the burden of  
 8 proving substantial compliance with this section in any such  
 9 action."

10 SECTION 3. Statutory material to be repealed is bracketed  
 11 and stricken. New statutory material is underscored.

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

13

INTRODUCED BY:


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JAN 13 2025



# H.B. NO. 70

**Report Title:**

Condominium Associations; Budget Summaries; Replacement Reserves; Compliance; Enforcement

**Description:**

States that the defense of good faith compliance is unavailable to any association whose board adopts a budget that omits the required budget summary. Clarifies the ability to enforce compliance with budget summary and replacement reserves requirements and provides that an association has the burden of proving compliance.

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

