

Honolulu, Hawaii

MAR 21 2025

RE: H.B. No. 807
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which
was referred H.B. No. 807, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish within the Hawaii Green Infrastructure Authority the Condominium Loan Program to provide condominium associations with low-cost financing, or refinancing for previously obtained loans, for maintenance or repair projects;
- (2) Establish the Condominium Loan Loss Reserves Program to incentivize lenders to provide loans at competitive rates and terms to condominium associations to allow them to make necessary maintenance and repairs; and
- (3) Appropriate funds.

Your Committee received testimony in support of this measure from the Hawaii Green Infrastructure Authority, Hawaii Bankers Association, Hawaii Council of Community Associations, and seven individuals.



Your Committee received testimony in opposition to this measure from two individuals.

Your Committee received comments on this measure from the Department of Budget and Finance and one individual.

Your Committee finds that the rising cost of insurance premiums in Hawaii has made it harder for condominium associations to obtain full property insurance coverage in the State, causing many of these associations to instead elect to reduce the amount of insurance coverage to less than one hundred percent of the replacement cost value, or seek considerably more expensive secondary insurance policies to fill the gaps, if they can qualify. This has had the unintended consequence of impacting mortgage loans for condominium units because the federal requirements under the Fannie Mae and Freddie Mac guidelines prohibit these entities from purchasing mortgages on condominium units that have less than full replacement property insurance coverage. This measure will enable the Hawaii Green Infrastructure Authority to provide much needed financing for condominium associations to fund essential repairs and address deferred maintenance and structural issues to enhance their insurability, thereby enabling buyers of individual units to access secondary mortgage financing. Additionally, this measure allows the Hawaii Green Infrastructure Authority, in collaboration with the banking industry, to provide credit enhancements to community development financial institutions, mitigating their risks and enabling them to provide loans at competitive rates and terms for condominium associations.

Your Committee notes, however, that to offset the administrative costs for the Hawaii Green Infrastructure Authority to administer the Condominium Loan Loss Reserves Program, amendments to this measure are necessary to ensure there is adequate funding to properly administer these programs.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying that the Hawaii Green Infrastructure Authority may authorize a single community development financial institution or a consortium of community development financial institutions to participate in the Condominium Loan Loss Reserves Program;



- (2) Amending the criteria for determining a condominium association's eligibility for loans under the programs to be a condominium association that has:
 - (A) Received at least one letter from a financial institution declining its eligibility for a loan to address maintenance or insurance coverage issues; and
 - (B) Obtained full replacement property and hurricane insurance coverage or intends to do so as a condition of any financing received;
- (3) Requiring the fees paid by a participating community development financial institution when it makes a loan enrolled in the Condominium Loan Program to be deposited into the Condominium Loan Revolving Fund, rather than into the reserve account;
- (4) Specifying that the maximum aggregate amount the Hawaii Green Infrastructure Authority may retain on deposit in a reserve account shall not exceed five percent of the aggregate outstanding principal balance of enrolled loans; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 807, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 807, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,

A handwritten signature in black ink, appearing to read 'Jarrett', written over a horizontal line.

JARRETT KEOHOKALOLE, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">HB 807 HD2</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">CPN, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">3/19/25</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton	✓			
TOTAL	4			1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.2em; font-family: cursive; margin-top: 10px;">Carol Fukunaga</div>				
Distribution: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="text-align: center;">Original File with Committee Report</div> <div style="text-align: center;">Yellow Clerk's Office</div> <div style="text-align: center;">Pink Drafting Agency</div> <div style="text-align: center;">Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes